



2019 SUSTAINABILITY
REPORT

DIGITAL NORNICKEL

The 2019 Sustainability Report of Nornickel Group (the "Report") is the sixteenth public non-financial report prepared by MMC Norilsk Nickel and addressed to a wide range of stakeholders.

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The Report conforms to the GRI Sustainability Reporting Standards (Comprehensive option), constitutes a UN Global Compact communication on progress, and discloses the Company's contribution to achieving the UN Sustainable Development Goals up to 2030.

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In producing the Report, the following documents were also used: GRI Mining and Metals Sector Supplement, Guidance on Social Responsibility ISO 26000:2010, Reference Performance Indicators of Russian Union of Industrialists and Entrepreneurs (RSPP), Accountability Standards AA1000SES (2015) and AA1000AP (2018), the UNCTAD Guidance on core indicators for entity reporting on contribution towards implementation of the UN Sustainable Development Goals, and recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) set up by the Financial Stability Board (FSB).

The report covers operations of the Nornickel Group companies ("Nornickel Group", "Nornickel", or the "Company"). For the purposes of this Report, Nornickel Group shall refer to MMC Norilsk Nickel and the entirety of operations of the Nornickel Group companies. Unless otherwise specified or required by the context, the terms "Company", "Group", "Nornickel" or "the Group companies" shall mean Nornickel Group. Quantitative indicators for certain areas of sustainable development pertain to the Group's specific operations in accordance with the Scope of Data Collection appendix.

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The content of the Report has been determined in accordance with the requirements of the applicable standards and guidelines, with the Company's stakeholders being engaged in the process. For material topics of the Report, please see the Map of Material Topics appendix.

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During preparation of the Report, there were no significant changes in the report boundaries and the list of material topics compared to the 2018 Report. However, the Report contains updates of the data for previous years, which is indicated in the text.

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Each year, the Company's Report undergoes external assurance procedures, including independent professional assessment of the Report's compliance with the GRI Standards and the RSPP public verification procedure.

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The Social Policy Department of MMC Norilsk Nickel and a dedicated working group comprising representative of the Group's key companies supervised the preparation of the Report. The Report has been approved by MMC Norilsk Nickel's Management Board and Board of Directors.

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Other sources of information about Nornickel Group:

Corporate website: www.nornickel.ru

Nornickel's ESG Strategy, ESG Databook www.nornickel.ru/investors/esg/

Nornickel's annual reports: www.nornickel.ru/investors/reports-and-results/

Interactive version of the 2019 Sustainability Report: <https://csr2019.nornickel.ru>

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DISCLAIMER

The Report discloses the Company's short-, medium-, and long-term goals, objectives, and plans. Plans and intentions are provisional and subject to a number of economic, political, and legal factors that are beyond the Company's control. As a result, actual future performance may differ from the forward-looking statements contained in this Report.

APPROVED

by the Board of Directors of MMC Norilsk Nickel, Minutes No. GMK/10-pr-sd dated 7 April 2020

APPROVED

by the Audit and Sustainable Development Committee of MMC Norilsk Nickel's Board of Directors, Minutes No. 3 dated 26 March 2020

APPROVED

by the Management Board of MMC Norilsk Nickel, Minutes No. 7 dated 25 March 2020

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NORNICKEL SUPPORTS

UN Global Compact and Sustainable Development Goals



With a number of landmark events occurring in 2019, Nornickel reiterated its immediate commitment to smart digital technologies in production.

Nornickel was among the first companies in Russia to initiate digital transformation of its business processes. It is actively using digital technologies to tackle challenging production tasks and was first in Russia to employ Industry 4.0 technologies. We have firmly embraced the path of innovative development working closely with the younger generation.

Digital technologies are essential in increasing efficiency and helping the Company to achieve the goals of sustainable development_

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Statement of the President and Chairman of the Management Board

Dear shareholders, investors, consumers, and colleagues,

It is a great pleasure for me to present Nornickel's 2019 Sustainability Report.

Last autumn, our management team shared Nornickel's revised strategic vision until 2030 with the investor community. The document titled «Expanding the Horizons of Sustainable Growth» outlines several key areas, including a comprehensive environmental programme, growth of the core business, upgrade of the processing facilities, and personnel and infrastructure development in the regions where the Company operates.

We take a responsible approach to environmental protection.

The comprehensive environmental programme is set to reduce sulphur dioxide emissions tenfold by 2025¹. To this end, Nornickel started to roll out solutions capturing harmful emissions on a par with the best available technologies globally. The updated Sulphur Programme also includes the upgrade of existing nickel and copper smelting facilities. Investments are already underway in the Norilsk Industrial District and on the Kola Peninsula.

Assessment of the climate change impact on the Company's operations is also an important focus area of our sustainable development. It stands to note that our metals are widely used in solutions mitigating the negative climate impact of key emission sources around the world.

The comprehensive environmental programme supports sustainable growth of our core business and development of our unique resource base in the Norilsk Industrial District, Chita Region, and on the Kola Peninsula. By 2030, the Company plans to ramp up ore mining by more than 2.5 times compared to 2017. To facilitate ore processing and metal production, the Company will modernise and build concentration, smelting, and refining facilities. We invest in infrastructure projects that supply resources to our core business, including projects to develop our energy and gas assets.

Today, Nornickel is one of the most profitable companies among major global diversified mining groups. We actively introduce digital technologies of process control and best management practices across the value chain. 2019's strong performance and our distinct competitive edge have helped to strengthen the Company's robust position in the market and secure our continued investment in sustainable development.

Having joined the UN Global Compact three years ago, we remain fully committed to its Ten Principles regarding human rights, labour standards, the environment and anti-corruption.

¹ Compared to 2015.

As in previous years, in 2019 we made significant progress in developing our human capital, which is our key asset. Similar to other business areas, our focus is on boosting the efficiency of our personnel, while also improving engagement and enhancing our corporate culture.

Alongside all these efforts, Nornickel has maintained a high level of employee social support. The Company has increased reimbursements for the cost of round trips to and from the place of vacation, health resort treatments and healthcare, reinforcing its position as one of the industry's most attractive employers. Wages and salaries, which the Company always pays on time and indexes on an annual basis, remain among the highest industry-wide and average over RUB 110,000.

It goes without saying that health and safety is also a top priority for Nornickel. It is our commitment to work unstintingly to ensure that all our workplaces are safe. The Company management views occupational safety excellence and zero injuries as key strategic objectives and runs dedicated health and safety programmes to make sure we achieve them.

Today, Nornickel is one of the most profitable companies among major global diversified mining groups 2019's strong performance, coupled with current macroeconomic trends has helped to strengthen the Company's robust position in the market and secure our continued investment in sustainable development.

We can say outright: we take pride in our Company. Nornickel has always kept pace with change, and the projects initiated in the last decade will place us on a par with the industry's global tech leaders



A blue handwritten signature of Vladimir Potanin, consisting of stylized, flowing letters.

Vladimir Potanin

President, Chairman of the Management Board
MMC Norilsk Nickel

Our 2019 highlights

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Digitalisation and automation

6.73 RUB bn — spent on digital and automation projects (up +55% y-o-y)

85 digitalisation and automation projects implemented

362 RUB mln Financial effect of the Digital lab

Environment

39.5 

RUB bn — environmental expenditures and costs (up 21.6% y-o-y)



2.22 

t/RUB mln¹ air pollutant emissions (down 16% y-o-y)



0.17 

TJ/RUB mln¹ energy consumption (down 19% y-o-y)



¹ Consolidated revenue.

Labour

0.32

LTIFR
(vs **0.23** in 2018)



10.3 ₪

RUB bn invested in occupational health and safety (down **2.8%** y-o-y)



118.8 ₪

RUB thousand average monthly salary at Nornickel (up **6.5%** y-o-y)



Development of local communities

192.4 ₪

RUB bn paid to budgets of various levels' (up **66.4%** y-o-y)



27.6 ₪

RUB bn spent on social programmes, charity, and social infrastructure (down **10.7%** y-o-y)



640 social projects worth

664.4 ₪

RUB mln funded since 2014 as part of the World of New Opportunities programme

¹ Tax and non-tax payments include all taxes paid, net of VAT and dividend income tax, as well as insurance payments and customs duties.

Position in the Industry

37 countries geography of supplies

2,193 mt of ore measured and indicated resources



About Nornickel Group

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102-2

Norilsk Nickel Group is Russia's leading metals and mining company, the world's largest producer of palladium and refined nickel, and one of the biggest producers of platinum, copper and cobalt.

Nornickel's core operations include prospecting, exploration, mining, concentration and processing of minerals along with the production, and sales of non-ferrous and precious metals. The Group's products are supplied to more than 30 countries across the world.

Nornickel's products

Ni Nickel	Pd Palladium	Pt Platinum	Co Cobalt	Cu Copper
Rh Rhodium	Au Gold	Ag Silver	Ir Iridium	S Sulphur
Te Tellurium	Se Selenium	Ru Ruthenium		

Nornickel's contribution to the national economy in 2019

0.8%

Nornickel's share in the national GDP

2.9%

Nornickel's share in Russia's industrial output

13.4%

Nornickel's share in Russia's metals production

2.9%

Nornickel's share in Russia's exports

60,000

of the Company's employees permanently reside and work beyond the Arctic Circle

>80

companies comprise Nornickel Group

Nornickel is the largest industrial player in the Russian Arctic. Around 60,000 of the Group's employees permanently reside and work beyond the Arctic Circle.

Assets 102-4

Production units of the Group are located in three countries – Russia, Finland and South Africa¹.

Its core businesses are based in Russia and have a vertically integrated structure. The main production sites in Russia are:

- Polar Division of MMC Norilsk Nickel (“Polar Division”);
- Kola Mining and Metallurgical Company (“Kola MMC”);
- Bystrinsky Mining and Processing Plant (“Bystrinsky GOK”), which had entered the pre-commissioning stage in 2017 and was approved for commissioning in 2019.

The Company’s Polar Division, its key resource asset, is located on the Taimyr Peninsula (Krasnoyarsk Territory) beyond the Arctic Circle. It is linked to other regions by inland waterways (the Yenisey River), marine transport (the Northern Sea Route) and air transport.

Kola MMC is located on the Kola Peninsula beyond the Arctic Circle. It is the Company’s key nickel refinery and the leading industrial facility of the Murmansk Region completely integrated into the transport infrastructure of the Northwestern Federal District.

Bystrinsky GOK is located in the Gazimuro-Zavodsky District of the Trans-Baikal Territory and is linked to other regions by rail.

In Finland, the Group operates Norilsk Nickel Harjavalta processing Nornickel’s Russian and third parties’ feedstock.

In South Africa, the Company owns 50% of Nkomati, a nickel mine developed jointly with African Rainbow Minerals.

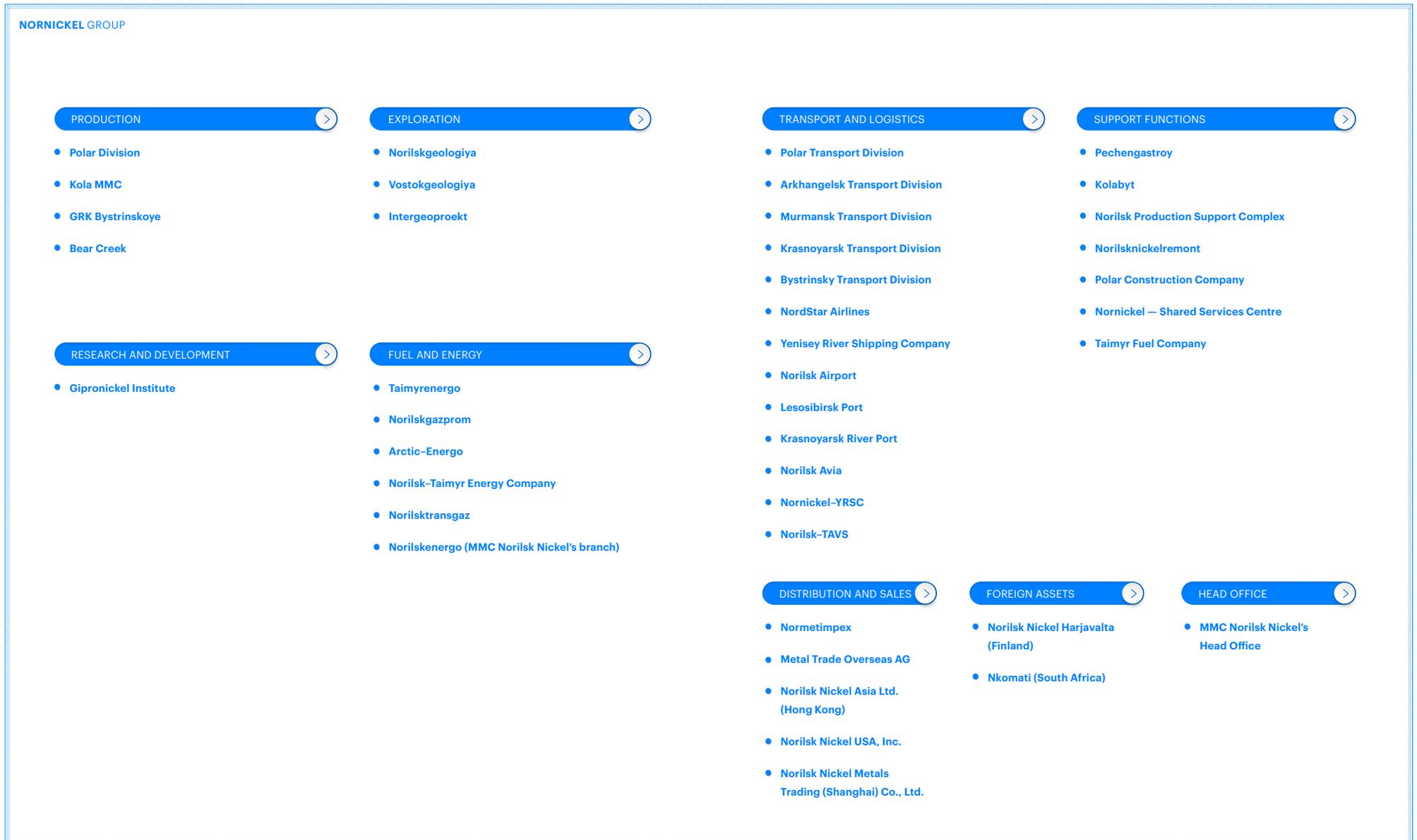
Nornickel runs a global network of representative and sales offices in Russia, China, the USA, and Switzerland.

In addition to geology, energy, logistics, and support businesses, the Group comprises Gipronickel Institute, an R&D facility based in St Petersburg with branches in Norilsk and Monchegorsk.

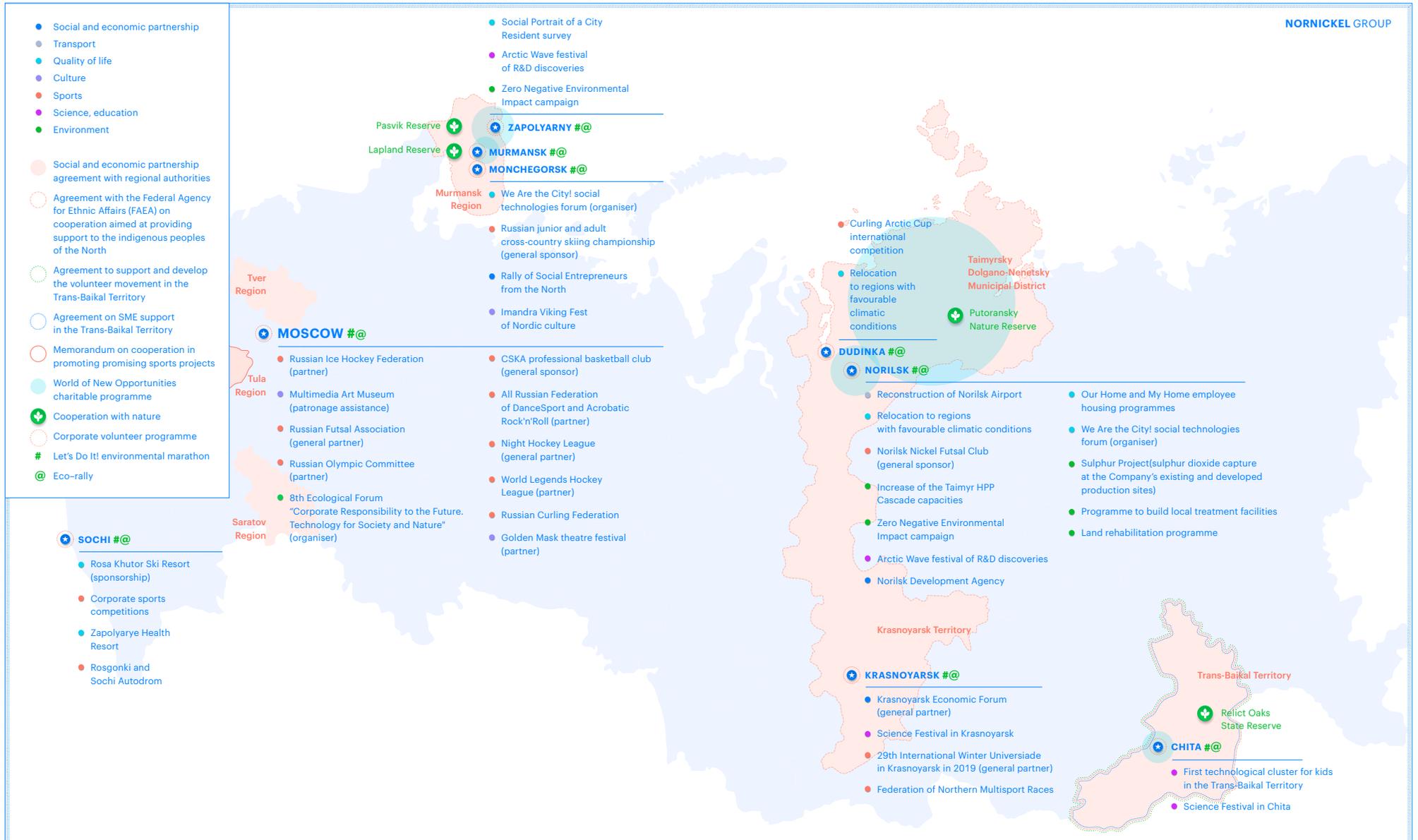
In total, the Group counts over 80 companies.

¹ Also see the 2019 IFRS financial results at: www.nornickel.ru/files/ru/results/ras/2019/12m-2019-konsolidirovannaya-finansovaya-otchetnost-za-god-zakonchivshijsya-31-dekabrya-2018-g-v-rublyah.pdf

Core companies and business units



Key social and environmental projects





**As part of the updated strategy,
Nornickel plans to cut SO₂ emissions
by 85% at Kola MMC by 2021
and by 90% at Polar Division by 2025.**

Strategy

The key drivers behind Nornickel's updated strategy are our new ambitious long-term targets for production growth to address increasing demand in our core markets and facilitate the shift to clean mobility.

Achievements

Horizons

In 2019, we extended our sustainability strategy to 2030, highlighting the key trends for the coming decade. These include unlocking the potential of our unique resource base through continued development of Tier I assets, support of global shift to clean mobility, and an ambitious green modernisation of facilities on the Taimyr and Kola Peninsulas.

Standarts

To enable a deeper SDG integration into our strategy, in 2019, we performed an in-depth analysis of SDGs and matched them, among other things, against our current strategy, material risks, goals and commitments, investments in relevant projects and best peer practices.

Projects

Investments in SDG-related projects accounted for 22.1% of the Group's consolidated revenue for 2019.

Mission and values

The Company seeks to foster a group-wide corporate culture of mutual respect, trust and openness shared by every employee. This will help us effectively implement our strategy based on sustainable development principles.¹ [102-16](#)

Our mission

Through the efficient use of natural resources and equity, we supply mankind with non-ferrous metals, which make the world a more reliable place to live in and help people realise their aspirations for development and technological progress.

Nornickel's corporate values

Reliability

Ability to address any challenges
to ensure success for the business

Growth

Effective production ramp-up and upgrade,
leverage of groundbreaking technologies
and development of our people

Collaboration

Commitment and ability of our employees
to achieve goals and objectives through teamwork

Professionalism

Ability to ensure a sustainably strong performance

Responsibility

Desire to honour our commitments
and take on responsibility for our decisions

Efficiency

Delivering against our targets
in due time and at minimum cost

¹ See also the Business Ethics Code at nornickel.com/files/en/corporate_documents/policies/business_ethics_code.pdf

Corporate strategy

Adopted in 2013, our growth strategy primarily aims to unlock the resource potential of the Taimyr and Kola Peninsulas, improve the Company's operating efficiency and raise the quality of investment and capital management.

In 2013–2017, we ran a number of strategic initiatives that fundamentally changed the Company's technological landscape.

In 2017, we completed the first cycle of our development strategy. As a result, Polar Division upgraded dramatically its concentration facilities and reconfigured its metal production processes, with Nickel Plant shut down. This significantly reduced the Company's environmental footprint in the region.

In 2018, we reaffirmed our ambition to grow further as an advanced, efficient and environmentally responsible company and presented Nornickel's strategic priorities in sustainable development and growth areas for the medium and long terms.

In 2019, we extended our sustainability strategy to 2030, highlighting the key trends for the coming decade. These include unlocking the potential of our unique resource base through continued development of Tier I assets, support of global shift to clean mobility, and an ambitious green modernisation of facilities on the Taimyr and Kola Peninsulas¹.

¹ For more details about Nornickel's updated strategy, please see the Investor Day presentation at: nornickel.com/files/en/investors/cmd/2019/CMD-2019_Norilsk-Nickel-full.pdf

Strategic priorities

The next development stage will centre around an unprecedented environmental initiative seeking a staged adoption of the best SO₂ capturing practices and transition to green production. We are developing a programme to take into account climate change. In particular, it will help us select climate scenarios, develop approaches and assess risks and opportunities affecting our operations, design relevant management initiatives, evaluate our climatic impact, and embed key non-financial risks into strategic planning. We will also continue working towards the migration to new international sustainability reporting standards and enhancing the quality of climate change-related disclosures.

The Board of Directors reviews climate risks while discussing the Company's Environmental Development Framework and progress reports on major investment projects and treats them as a priority in setting Nornickel's targets and development strategy.

1. Production growth

Strategic goals:

- accelerated output growth
- expanding the long-term investment programme

Targets:

- a 75–150%¹ increase in mining volumes on the Taimyr Peninsula
- stepping up metal output (2030+)²
Nickel 15–30% **Copper 20–40%** **PGM 30–95%**

2. Comprehensive environmental programme

Strategic goals:

- dramatic reduction of sulphur dioxide emissions
- maintaining the lowest-in-class carbon footprint

Targets:

- Reduction of SO₂ emissions³
- | | |
|------------------------|-----------------------|
| Polar Division | Kola site |
| By 2023 by 45% | By 2021 by 85% |
| By 2025 by 90% | |
| By 2030 by 95%+ | |

¹ Subject to Arctic Palladium implementation.

² Compared to the base year (2017).

³ Compared to the base year (2015).

Contribution to the global agenda for sustainable development

The key driver behind Nornickel's updated strategy are our new ambitious long-term targets for production growth to address increasing demand in our core markets and facilitate the shift to clean mobility. The Company will continue to expand its presence in new market segments and industries that are likely to generate demand for its products in the future. One of such fast growing industries is production of materials for electric vehicles and batteries.

— Thanks to our diligent focus on strategy execution over the last six years and favourable commodity market trends, we were able to deliver one of the industry's highest shareholder returns. Now is the time to take the next step towards realising even greater ambitions, both in terms of business growth and environmental protection. We are confident that Nornickel will play a vital role in global transitioning to green economy, in particular to clean vehicles. In this context, we are set to make our own assets increasingly green to respond to this new mindset.



Vladimir Potanin

President and Chairman
of MMC Norilsk Nickel Management Board

Clean mobility 2030 megatrends

- Growing manufacturing of autocatalyst-loaded vehicles (including hybrids)
- Tightening of emission standards.

Nornickel's potential to support the advance of low-carbon economy through 2030

Supplying sufficient resource to produce:

- 25–40 mln PGM-loaded autocatalysts¹



Potential reduction of air pollutants by 170–270 mt²

- Growing number of electric vehicles

3.5–5.5 mln nickel-rich EV battery packs³



Potential reduction of CO2 emissions by 50–100 mt⁴

¹ Company estimate based on 2030E PGM production and 5g PGM loading per catalyst (rounded).

² Company estimate based on 6.8-tonne savings (CO, NOx, hydrocarbons) per catalyst lifecycle (rounded).

³ Company estimate based on 50-kg nickel loading per EV battery pack (high-nickel ternary cathode-based).

⁴ Company estimate based on up to 18-tonne carbon dioxide savings per EV lifecycle run on renewable energy as compared to ICE.

Efficiency programme

Our mid-term strategic priority is the efficiency and safety improvement programme rolled out across the entire production chain.

The programme aims at boosting performance, increasing labour productivity, enhancing industrial safety and transforming corporate culture.

- In 2018–2019, the Company implemented a number of milestone projects:
- roll-out of advanced mine planning, including simulation modelling;
- improving equipment utilisation rates;
- full-scale roll-out of digital control centres;
- continuous improvement programme in action with initiatives to increase equipment utilisation rates, debottleneck existing assets across the value chain, etc.

Key non-financial performance highlights in 2019:

- obtaining permission to launch Bystrinsky GOK, one of the Company's most advanced, hi-tech eco-friendly facilities;
- replacing the fifth of the seven turbines at the Ust-Khantayskaya HPP as part of green modernisation;
- maintaining injury rates below the average among global mining peers and the Company's five-year average.



Sustainability approaches

When working towards its strategic goals, Nornickel seeks to align its approaches with the key sustainability principles:

- unconditional respect for human rights;
- comprehensive measures to support indigenous peoples of the North;
- lower impact on the climate;
- support of low-carbon economy.

Nornickel considers social responsibility and commitment to the principles of sustainable development as key operational priorities for business development, community and investor relations, and environmental impact management. [103-2](#)

The Company became one of the first Russian companies to sign up, in 2005, to the Social Charter of the Russian Business adopted by the Russian Union of Industrialists and Entrepreneurs (RSPP). In 2016, MMC Norilsk Nickel joined the UN Global Compact, which marked the transition to a new strategic development cycle.

Nornickel's support for sustainable development initiatives and standards [102-12](#) [102-13](#)

Standard/initiative	Nornickel
UN and the International Labour Organisation conventions	Declaring support and aligning its by-laws accordingly
UN Global Compact	Supporting officially
National Global Compact Network Association (Russia)	Member
Sustainable Development Goals of the UN 2030 Agenda	Declaring support and aligning governance practices accordingly
ISO 14001:2015	Compliance of MMC Norilsk Nickel, Gipronickel Institute (ISO 9001:2015), Kola MMC, and Norilsk Nickel Harjavalta management systems with the standards
ISO 9001:2015	
OHSAS 18001:2007 / ISO 45001:2018	Compliance of MMC Norilsk Nickel and Norilsk Nickel Harjavalta management systems with the standard
ISO 26000:2010	Declaring support and providing reports
GOST R ISO 26000-2012	Declaring support and providing reports
AA1000AP, AA1000SES	Declaring support and providing reports

Standard/initiative	Nornickel
International Platinum Group Metals Association (IPA)	Member, co-chair of the IPA Security Committee
International Information Security Research Consortium	Member
Nickel Institute	Member Since 2017, Nornickel's Head of Marketing has been chairing the Institute's Board of Directors.
World Wildlife Fund (WWF)	Ranking among the leading environmentally responsible mining companies in Russia according to the WWF
National Association of International Information Security	Member and supporter
Security Charter for Critical Industrial Facilities	Charter developer, member and signatory
FTSE4Good Index	Inclusion in the FTSE4Good Emerging Index
Sustainalytics	Assigned independent ESG ratings
MSCI	
Social Charter of the Russian Business	Member and signatory
Anti-Corruption Charter of the Russian Business	Member and signatory
RSPP Responsibility and Transparency index and Sustainable Development Vector index	One of the index leaders (in 2014–2019)
RSPP Committee on Corporate Social Responsibility and Demographic Policies	Member
Environmental Charter of the Krasnoyarsk Territory	Signatory
GRI Community	Organisational member



Nornickel and UN Sustainable Development Goals

In 2015, the United Nations adopted the 2030 Agenda for Sustainable Development setting 17 Sustainable Development Goals (SDG) for the global community and 169 associated targets. Since the SDGs cannot be achieved by the efforts of only governments or public organisations, the UN encourages businesses to focus on the SDGs in their operations and report on their progress.

We fully support the 2030 Agenda for Sustainable Development and the UN SDGs, consistently integrating them into our by-laws and everyday practices. In our public and non-financial reports for 2016–2019, we disclosed key sustainability targets and performance against relevant UN SDGs. [103-2](#)

Nornickel's products as enablers of achieving UN SDGs

Nornickel is a leader of the Russian metals and mining industry. In this role, we meet Russia's and global economy's growing need for materials to manufacture products that can boost the quality of life. [102-15](#)

Supplied to 37 countries, our products are in strong demand in power generation, electronics, transportation, mechanical engineering, construction, consumer goods, healthcare, food, chemical and other industries.



Platinum group metals (PGM) are used as catalysts to manufacture key chemicals, including agricultural fertilisers, which are essential for supplying the planet's growing population with foods. Platinum and palladium along with their co-metals are widespread in medicine, particularly in its forefront areas such as oncology and production of pacemakers and other implants. The majority of our metals can be found in the most common electronic products,

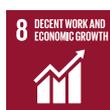
and PGM plays a vital part in reducing air pollutant emissions. It will be impossible to reduce air pollution as planned or combat climate change as set out in the Paris Agreement unless hybrid cars with PGM catalysts gain popularity in the coming decades.

Development of renewable energy is also contingent on stainless steel, nickel alloys and fibreglass as key structural materials used in wind and solar farms, as well as on conductive pastes for solar cell surfaces. That said, high-quality stainless steel cannot be made without nickel, and no conductive paste for solar batteries is produced without silver. Apart from renewable generation, metals produced by Nornickel allow for an eco-friendly energy storage. The technology uses nickel- and cobalt-based batteries or gases (hydrogen or methane) whose storage and processing are dependent on PGM.

Hence, our products make a great contribution to the green economy worldwide, which, apart from propelling us towards sustainable development goals, creates new opportunities and advantages for Nornickel as a leading PGM producer.

Nornickel's contribution towards the achievement of the UN SDGs

In 2018, we reviewed our key projects and initiatives, aligning them with the UN SDGs. The review included a survey of stakeholders, which identified 12 SDGs of the greatest importance for the Group and linked them to the most relevant projects and programmes. In 2019, we strengthened our effort to enable a deeper SDG integration into our strategy. To this effect, we performed an in-depth analysis of SDGs and matched them, among other things, against our current strategy, material risks, goals and commitments, investments in relevant projects and best peer practices. As a result, we identified 6 most relevant SDGs:



Goal 3: Good health and well-being;



Goal 8: Decent work and economic growth;



Goal 9: Industry, innovation and infrastructure;

Goal 11: Sustainable cities and communities;

Goal 12: Responsible consumption and production;

Goal 13: Climate action.



Nornickel's key projects linked to SDGs in 2019

SDGs

Projects



- Implementation of health improvement and wellness programmes for employees and their families*
- Voluntary health insurance for employees and their families*
- Comprehensive environmental programme for the Norilsk Industrial District (the Sulphur Programme) integrated into the Roadmap to Reduce Air Pollutant Emissions in Norilsk (approved by Deputy Prime Minister of the Russian Federation on 28 December 2018) and the Fresh Air national project**
- Implementation of current occupational safety measures (providing employees with individual and collective protective equipment, special food and milk, maintenance of health centres, first-aid posts, medical units, mandatory checkups, health and safety training and skills improvement, etc.)*
- Air protection projects (activities) required by the Environmental Action Plan (EAP, section I) other than the Sulphur Programme**
- Water conservation projects (activities) required by the Environmental Action Plan (EAP, section II)**
- Waste management projects (activities) required by the Environmental Action Plan (EAP, section III)**

* Part of Public Health domain (Russia's National Projects)

** Part of Environment domain (Russia's National Projects)



- Training and development of Nornickel Group's employees*
- Corporate scholarships for university students and internships with Nornickel Group's companies*
- The World of New Opportunities charity programme: grants for educational institutions and projects*

* Part of Education domain (Russia's National Projects)



- Implementation of investment projects aimed to improve water management (water cycle optimisation, wastewater treatment etc.) and water supply*
- Water conservation projects (activities) required by the Environmental Action Plan (EAP, section II)*

* Part of Environment domain (Russia's National Projects)

Nornickel's key projects linked to SDGs in 2019

SDGs

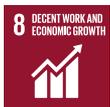
Projects



- Rollout of the Automatic System for Commercial Accounting of Power Consumption across Polar Division*
- Implementation of energy efficiency and energy saving projects (initiatives) required by the Energy Saving and Energy Efficiency Programme and/or the Programme for Improving Performance and Reducing Per Unit Costs*
- Delivery of investment projects aimed to develop power and heat generation, electrical grids and heat networks**

* Part of Environment domain (Russia's National Projects)

** Part of Housing & Urban Environment domain (Russia's National Projects)



- Ensuring decent compensation for labour*
- Securing employees' involvement in social partnerships*
- Programmes to improve the social and living conditions for employees of Nornickel Group
- Implementation of current occupational safety measures (providing employees with individual and collective protective equipment, special food and milk, maintenance of health centres, first-aid post, medical units, mandatory check-ups, health and safety training and skills improvement, etc.)
- Implementation of health and safety activities required by the Comprehensive Plan for Labour Conditions Improvement, Labour Protection, Health and Recreation Activities, and Occupational Safety
- Ensuring employees' involvement in improvement of the health and safety system*
- Delivery of the Operating Unit's investment projects (concentration and downstream)

* Part of the Labour Productivity and Employment Support domain (Russia's National Projects)

Nornickel's key projects linked to SDGs in 2019

SDGs

Projects



- Upgrading and retooling Talnakh Concentrator to increase its total ore capacity to 18 mtpa
- Projects aiming to develop local communities' infrastructure (including transport accessibility improvement):
 - Projects implemented under public-private partnerships*
 - Projects implemented under agreements with local administrations*
- Delivery of investment projects aimed to develop power and heat generation, electrical grids and heat networks
- Research and development (R&D) and feasibility studies aimed to update the Nornickel Group's Development Strategy, expand production and protect the environment**
- Investments in the development of transportation and logistics assets
- Construction and reliability improvement of the fibre optic communication line in Norilsk*

* Part of Housing & Urban Environment domain (Russia's National Projects)

** Part of Environment, Science, and Digital Economy domains (Russia's National Projects)



- Implementation of the complementary corporate pension plan for former employees moving from the Norilsk Industrial District
- Relocation assistance to new employees*
- Implementation of the Cooperation Agreement between the Russian Ministry of Regional Development, Krasnoyarsk Territory, Norilsk Municipality and MMC Norilsk Nickel to relocate people living in Norilsk and Dudinka (Krasnoyarsk Territory) to Russian regions with better climate and socioeconomic conditions
- Implementation of the Our Home and My Home social programmes (purchase of apartments for employees in various Russian regions)

* Part of the Labour Productivity and Employment Support domain (Russia's National Projects)



- Comprehensive environmental programme for the Norilsk Industrial District (the Sulphur Programme) integrated into the Roadmap to Reduce Air Pollutant Emissions in Norilsk (approved by Deputy Prime Minister of the Russian Federation on 28 December 2018) and the Fresh Air national project*
- Air protection projects (activities) required by the Environmental Action Plan (EAP, section I) other than the Sulphur Programme*
- Waste management projects (activities) required by the Environmental Action Plan (EAP, section III)*
- Other environmental protection activities required by the Environmental Action Plan (EAP, section IV)*

* Part of Environment domain (Russia's National Projects)

Nornickel's key projects linked to SDGs in 2019

SDGs

Projects



- Comprehensive environmental programme for the Norilsk Industrial District (the Sulphur Programme) integrated into the Roadmap to Reduce Air Pollutant Emissions in Norilsk (approved by Deputy Prime Minister of the Russian Federation on 28 December 2018) and the Fresh Air national project*
- Air protection projects (activities) required by the Environmental Action Plan (EAP, section I) other than the Sulphur Programme*
- Waste management projects (activities) required by the Environmental Action Plan (EAP, section III)*
- Other environmental protection activities required by the Environmental Action Plan (EAP, section IV)*

* Part of Environment domain (Russia's National Projects)



- Cooperation with nature reserves (support for research and educational projects at the Pasvik, Lapland, and Relict Oaks nature reserves, Joint Directorate of Taimyr Nature Reserves, etc.)*

* Part of Environment domain (Russia's National Projects)

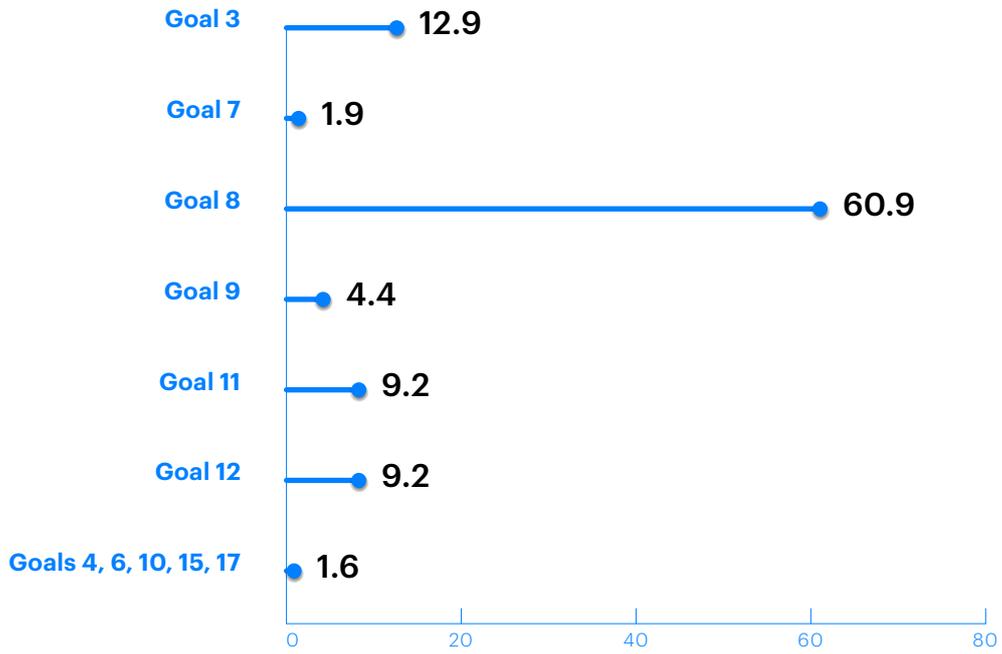


- Anti-corruption measures in operating Russian subsidiaries of the Group
- Raising awareness of its anti-corruption practices among of the Nornickel Group's employees

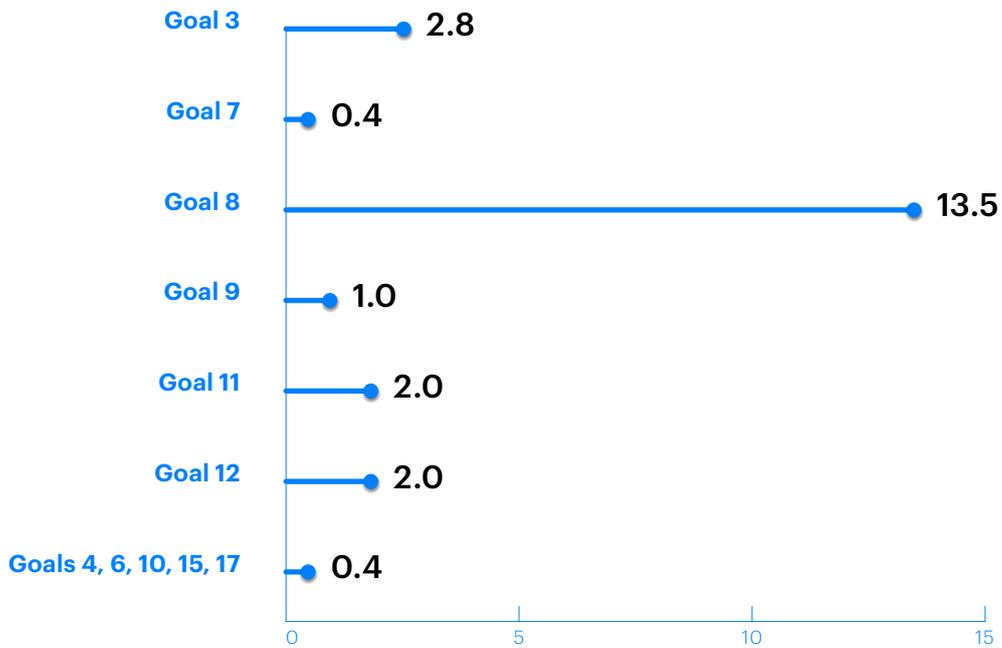


- Cooperation with federal legislative and executive authorities, civil society institutions, and the business community
- Reporting on the Company's contribution towards the achievement of the UN SDGs in line with the UNCTAD guidance
- UN Global Compact membership and related reporting
- Support for corporate volunteering

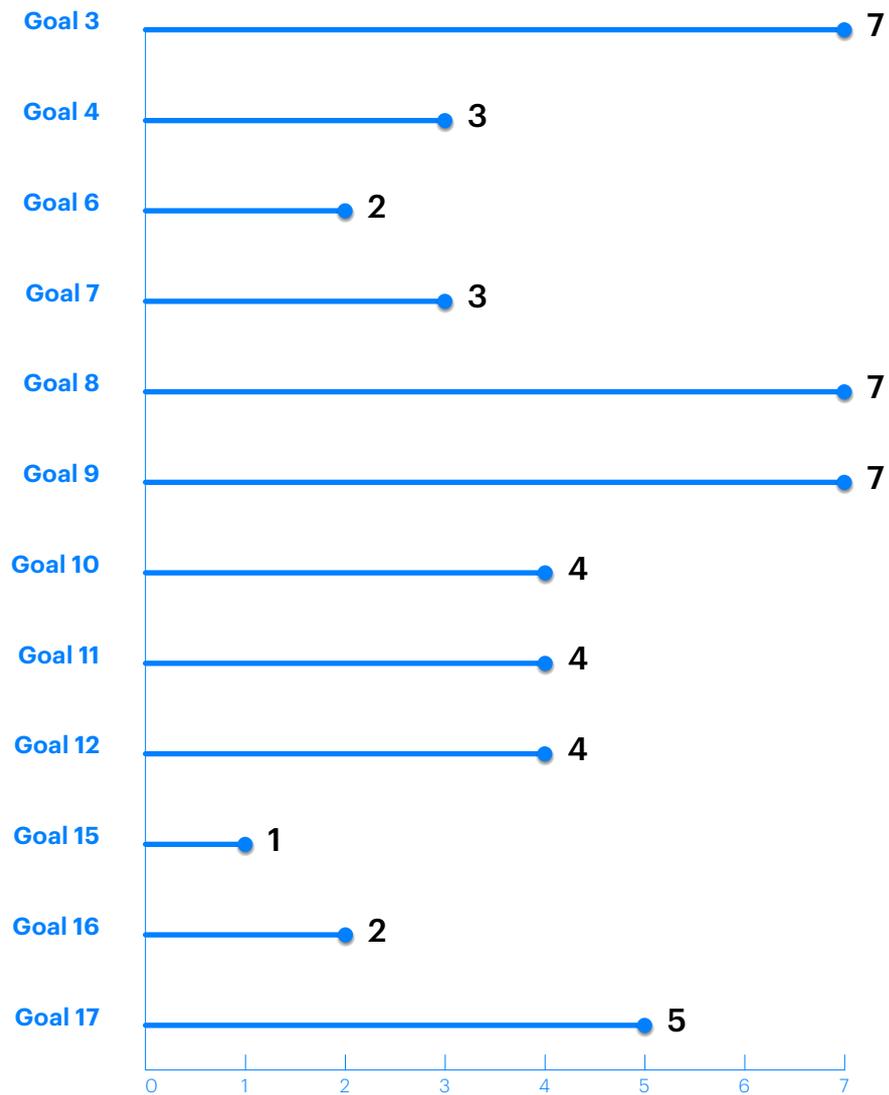
Correlation between current costs and capital expenditures associated with SDG projects in 2019



Share of current costs and capital expenditures associated with SDG projects in consolidated revenue for 2019



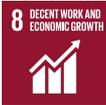
Number of SDG projects



Investments in SDG-related projects accounted for 22.1% of the Group's consolidated revenue for 2019.

UN SDG	By-laws related to SDG integration	Key results and plans	Report sections describing specific SDG-related projects and initiatives
 <p>Relevant targets:</p> <p>3.4.</p> <p>3.6.</p> <p>3.9.</p>	<p>Occupational Health and Safety Policy</p> <p>Environmental Impact Assessment Policy</p> <p>Collective bargaining agreement</p> <p>Insurance Policy</p> <p>Interregional cross-industry agreement for the key players of the copper and nickel and supporting industries</p>	<p>Achievements of 2019:</p> <p>ca. 24,000 employees and their family members covered by health improvement and wellness programmes</p> <p>71,500 employees of the Group companies covered by voluntary health insurance plans</p> <p>Plans for 2020:</p> <p>24,200 employees and their family members to be covered by health improvement and wellness programmes</p> <p>73,800 employees of the Group companies to be covered by voluntary health insurance plans</p>	<p>For more details, please see the Labour Relations section.</p>
 <p>Relevant targets:</p> <p>4.4.</p>	<p>HR management strategy</p> <p>Equal Opportunities Programme</p>	<p>Achievements of 2019:</p> <p>90,814 employee-sessions held as part of Nornickel's staff training, retraining, professional development and improvement initiatives</p> <p>350 university students covered by Nornickel's corporate scholarship programmes</p> <p>71 educational projects supported under the World of New Opportunities programme (with a grant fund of RUB 242.5 mln)</p> <p>Plans for 2020:</p> <p>430 university students to be covered by Norilsk Nickel's corporate scholarship programmes</p> <p>56 educational projects to be supported under the World of New Opportunities programme (with a grant fund of RUB 208.5 mln)</p>	<p>For more details, please see the Labour Relations section and the Regional Development section.</p>

UN SDG	By-laws related to SDG integration	Key results and plans	Report sections describing specific SDG-related projects and initiatives
 <p>Relevant targets: 6.3.</p>	<p>Environmental Policy</p>	<p>Achievements of 2019:</p> <p>56.3% of wastewater treated to standard quality at treatment facilities</p> <p>87.2% of total used water recycled and reused</p>	<p>For more details, please see the Environment section.</p>
 <p>Relevant targets: 7.1. 7.3.</p>	<p>Mission and values Strategy Renewable Energy Sources Policy</p>	<p>Achievements of 2019:</p> <p>3,184 TJ fuel and energy savings resulting from energy consumption reduction and energy efficiency improvement initiatives</p> <p>10 MW increase in installed generation and/or transformer capacities</p> <p>Plans for 2020:</p> <p>10 MW increase in installed generation and/or transformer capacities</p>	<p>For more details, please see the Environment section.</p>

UN SDG	By-laws related to SDG integration	Key results and plans	Report sections describing specific SDG-related projects and initiatives
 <p>Relevant targets:</p> <p>8.2.</p> <p>8.4.</p> <p>8.5.</p> <p>8.8.</p>	<p>Human Rights Policy</p> <p>Working Conditions Policy</p> <p>Occupational Health and Safety Policy</p> <p>Freedom of Association Policy</p> <p>Policy Regarding Support for Small and Medium Enterprises</p> <p>Environmental Policy</p> <p>Environmental Impact Assessment Policy</p>	<p>Achievements of 2019:</p> <p>RUB 118,800 average monthly salary</p> <p>83% of employees covered by collective agreements</p> <p>26 social facilities commissioned after renovation</p> <p>0.32 LTIFR</p> <p>Plans for 2020:</p> <p>89 social facilities to be commissioned after renovation</p> <p>At least a 67% reduction in total injuries vs the 2013 level</p>	<p>For more details, please see the Labour Relations section.</p>
	 <p>Relevant targets:</p> <p>9.1.</p> <p>9.4.</p> <p>9.5.</p>	<p>Mission and values</p> <p>Strategy</p> <p>Local Community Relations Policy</p> <p>Environmental Policy</p> <p>Environmental programme</p>	<p>Achievements of 2019:</p> <p>2.2 t of air pollutant emissions / RUB mln of consolidated revenue (down 16% y-o-y)</p>

UN SDG	By-laws related to SDG integration	Key results and plans	Report sections describing specific SDG-related projects and initiatives
 <p>Relevant targets: 10.7.</p>	<p>Equal Opportunities Programme</p>	<p>Achievements of 2019:</p> <p>RUB 398.4 mln of complementary corporate pensions paid to former employees</p> <p>496 apartments purchased to relocate people to regions with better climate and socioeconomic conditions</p> <p>352 people covered by the new employee relocation assistance programme</p> <p>Plans for 2020:</p> <p>RUB 521,2 mln of complementary corporate pensions to be paid to former employees</p> <p>542 apartments to be purchased to relocate people to regions with better climate and socioeconomic conditions</p>	<p>For more details, please see the Labour Relations section and the Stakeholder Engagement section.</p>
 <p>Relevant targets: 11.6.</p>	<p>Environmental Policy Environmental programme Environmental Impact Assessment Policy</p>	<p>Achievements of 2019:</p> <p>RUB 1.5 bn invested in the Sulphur Programme</p> <p>Plans for 2020:</p> <p>RUB 21.6 bn to be invested in the Sulphur Programme</p>	<p>For more details, please see the Environment section.</p>

UN SDG	By-laws related to SDG integration	Key results and plans	Report sections describing specific SDG-related projects and initiatives
 <p>Relevant targets:</p> <p>12.2.</p> <p>12.4.</p> <p>12.5.</p> <p>12.6.</p>	<p>Information Policy Regulation</p> <p>Biodiversity Conservation Policy</p> <p>Environmental Policy</p> <p>Environmental programme</p>	<p>Achievements of 2019:</p> <p>36 mt of waste generated in 2019, with 97% of non-hazardous class 5 waste</p> <p>62.5% of waste recycled in-house</p>	<p>For more details, please see the Environment section.</p>
	<p>Mission and values</p> <p>Strategy</p> <p>Renewable Energy Sources Policy</p>	<p>Achievements of 2019:</p> <p>Volume of GHG emissions (Scope 1 and 2) — 9.9 mt of CO₂ equivalent (down 1.7% y-o-y)</p> <p>Share of renewable energy in total electricity consumption — 44.5% (up 0.9 p.p. y-o-y)</p> <p>Plans for 2020:</p> <p>Volume of GHG emissions (Scope 1 and 2) — 10 mt of CO₂ equivalent</p>	<p>For more details, please see the Environment section</p>
 <p>Relevant targets:</p> <p>15.1.</p> <p>15.5.</p>	<p>Environmental Policy</p> <p>Environmental Impact Assessment Policy</p> <p>Biodiversity Conservation Policy</p>	<p>Achievements of 2019:</p> <p>RUB 11 mln of financial aid allocated to nature reserves across the Company's footprint</p> <p>Plans for 2020:</p> <p>RUB 9.6 mln of financial aid to be allocated to nature reserves across the Company's footprint</p>	<p>For more details, please see the Environment section.</p>

UN SDG	By-laws related to SDG integration	Key results and plans	Report sections describing specific SDG-related projects and initiatives
	Anti-Corruption Policy	<p>Achievements of 2019:</p> <p>No confirmed incidents of corruption¹</p> <p>100% of operating business units are implementing anti-corruption activities</p> <p>100% of the Norilsk Nickel Group's employees are made aware of its anti-corruption practices</p> <p>Plans for 2020:</p> <p>The Company is committed to preventing corruption</p> <p>100% of operating business units will be implementing anti-corruption activities</p> <p>100% of the Norilsk Nickel Group's employees will be aware of its anti-corruption practices</p>	For more details, please see the Anti-corruption section.
<p>Relevant targets:</p> <p>16.5.</p>			
	<p>Environmental Policy</p> <p>Environmental Impact Assessment Policy</p>	<p>Achievements of 2019:</p> <p>23 working bodies (committees, expert and working groups, etc.) established by public organisations and government authorities where Norilsk Nickel Group is represented</p> <p>18,000 volunteers supported by the Norilsk Nickel Group</p> <p>Reporting on the progress resulting from accession to the UNGC</p> <p>Plans for 2020:</p> <p>Reporting on the progress resulting from accession to the UNGC</p>	For more details, please see the Statement of the President and Chairman of the Management Board section and the Regional Development section.
<p>Relevant targets:</p> <p>17.16.</p>			

¹ Confirmed incidents of corruption are indictments on corruption charges subject to the Criminal Code of Russia.



Management



58%
EBITDA margin

Management

Nornickel considers social responsibility and commitment to the principles of sustainable development as key operational priorities for business development, community and investor relations, and environmental impact management.

Achievements

Horizons

In 2019, we joined the Hyperledger Project, a global collaboration hosted by the Linux Foundation, one of the largest and most reputable technology consortia supporting the creation of sustainable open source ecosystems.

In October 2019, Nornickel helped host Russia's first ever Hyperledger Bootcamp, a major educational and networking event for IT professionals and startups, as well as representatives of large companies involved in IT development and support.

Programmes

Technology Breakthrough is an ongoing programme to introduce advanced digital technology in mine engineering, as well as in planning and operational control of mining activities.

Projects

In 2019, as part of its efforts to build a talent pipeline, Nornickel signed a trilateral agreement to launch a master's programme in blockchain at the Moscow Institute of Physics and Technology (MIPT). The agreement was signed at the St Petersburg International Economic Forum.

- Nornickel is at a stage where we are ready to take a big step not only towards solving the issue of SO₂ emissions, but also to join the global environmental agenda.

We cannot just keep on doing business as usual, even though our reserves are vast, our financial and operating performance is encouraging, and our return on invested capital is industry-leading.

The Company has finished putting together an industrial development and subsoil use strategy for the coming ten years. The strategy needs to include sustainable development requirements and parameters in the face of growing climate risks, societal expectations for greater transparency and investor demands. The idea is to show how the Company responds to these challenges and what changes it triggers in production and financial modelling.

This vigilant approach, taking into account climate risks, will undoubtedly further compliment our existing competitive strengths. We cannot disregard the potential tightening of legislative and regulatory requirements already imposed on industrial companies by the government (automatic accounting of emissions, quotas, etc.), either.

Given the circumstances, we should disclose full information on what impact the transition to a low-carbon economy will have on us and how we envisage a strategy for reducing greenhouse gas (GHG) emissions. Importantly, Nornickel currently leads the pack among M&M companies in terms of total GHG emissions.

We are considering disclosure in our sustainability report in line with the TCFD (the FSB Task Force on Climate-Related Financial Disclosures) recommendations and planning to further develop non-financial reporting in the following periods.

The management understand the need for these measures and is ready to convince Nornickel's employees not only to comply with the existing environmental programme unconditionally, but, most importantly, to take strategic and tactical steps that can effectively reduce the environmental footprint all along our production chain. We have already established a senior team under my supervision and have given it executive powers. One of their first tasks is to develop climate change scenarios.



Gareth Penny

Chairman the Board of Directors
of MMC Norilsk Nickel

Sustainability management

Corporate governance

Nornickel's corporate governance framework is designed to take into account and balance the interests of shareholders, the Board of Directors, managers, employees, and other stakeholders. [102-26](#)

Our key approaches and principles serving as a basis for an effective governance framework draw on the applicable Russian laws, including the Corporate Governance Code recommended by the Bank of Russia.

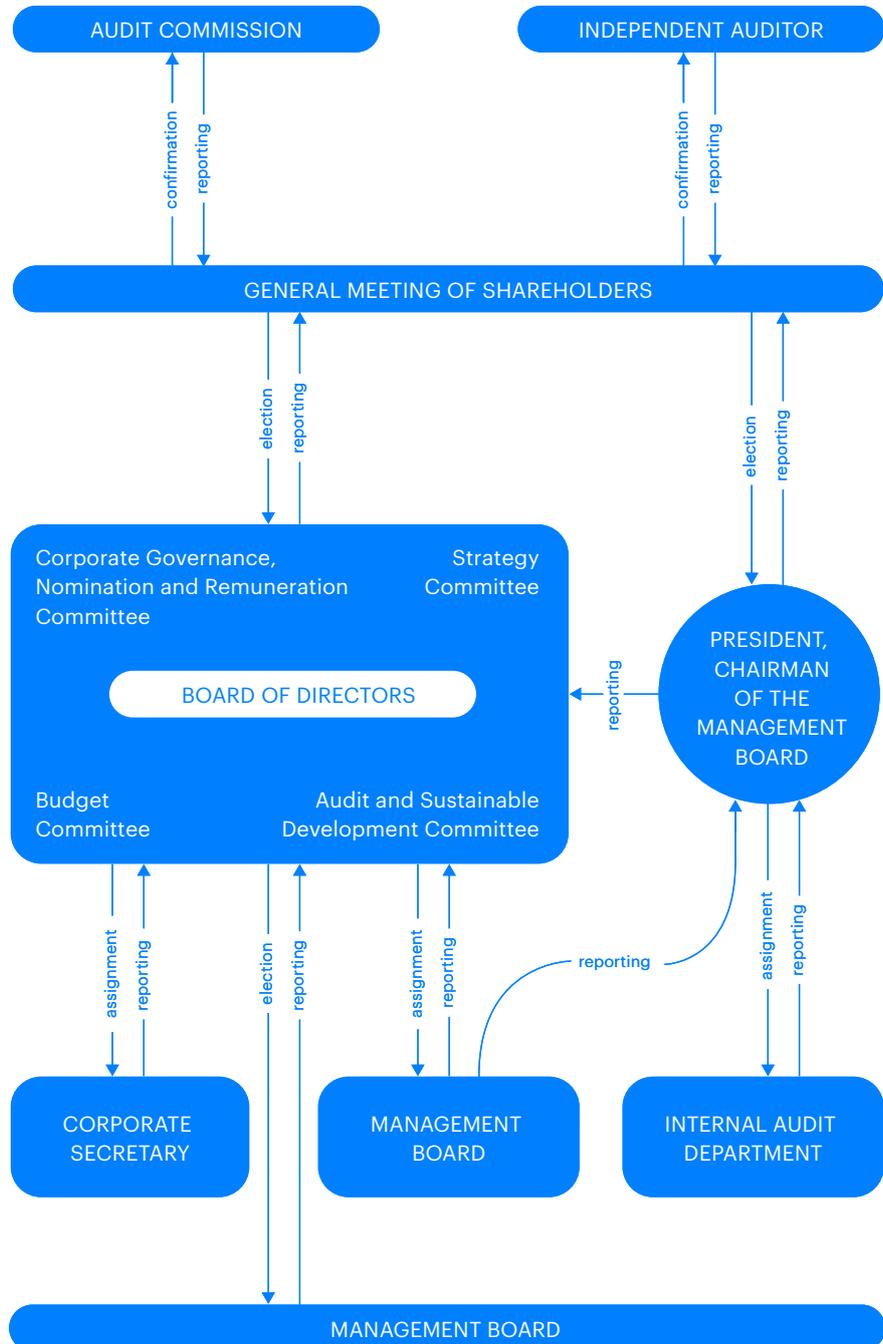
Nornickel's governance framework relies on the following principles:

- equitable and fair treatment of every shareholder;
- support for the shareholders to let them exercise their rights and lawful interests in the most reasonable and convenient manner;
- professionalism and leadership of the Board of Directors, and involvement of independent directors in governance;
- strategic management by the Board of Directors, its efficient control over executive bodies, and oversight of the risk management and internal control framework;
- sound, bona fide and efficient management of the Company's day-to-day operations by executive bodies accountable to the Board of Directors and the General Meeting of Shareholders;
- compliance with the Russian laws and the national laws of the countries of operation;
- corporate social responsibility;
- strong business ethics;
- zero tolerance to corruption, and effective anti-corruption measures;
- full, transparent, reliable and timely disclosure;
- robust internal controls, internal and external audits;
- active collaboration with investors, creditors, and other stakeholders in order to increase the Company's assets and market capitalisation. [102-25](#)

These principles are reflected in Nornickel’s official documents, including the Articles of Association, Regulations on the Board of Directors, Information Policy Regulations, Anti-Corruption Policy, and other by-laws¹.

102-27 ● 102-28 ●

Governance structure 102-18 ● 102-20 ●



¹ The documents are available on the corporate website at nornickel.com/investors/disclosure/corporate-documents/#corporate-codes-and-policies

99.77 %

In the reporting year, the attendance rate of the Board

Pursuant to MMC Norilsk Nickel's Articles of Association, its governance bodies are:

- **the General Meeting of Shareholders**, the Company's supreme governance body;
- **the Board of Directors**, a collegial governance body in charge of strategic management and oversight of the executive bodies;
- **the Management Board and the President** that represent the collegial and sole executive bodies of Nornickel, respectively, and manage day-to-day operations.

In 2019, we enabled the sign-up to the Shareholder's Personal Account in our Registrar's mobile app using a unified identification and authentication system. This was done as part of our efforts to make information more accessible to our shareholders.

The Board of Directors meets as and when required, but at least once every six weeks. In 2019, the Board of Directors met on a quarterly basis to review the Company's financial results, progress against the strategy, the management's HSE reports, and operational performance reports. In 2019, the Board of Directors of MMC Norilsk Nickel considered 129 matters, including 29 deal approvals, 76 corporate governance matters, 12 economic and financial matters, 1 social and environmental matter, and 11 other matters.

[102-19](#) ● [102-29](#) ● [102-31](#) ● [102-33](#) ● [102-34](#) ●

In the reporting year, the attendance rate of the Board meetings was 99.77%.

In overseeing the Company's management, financial and business affairs, the Board of Directors may instruct the management team on individual matters and monitor implementation of resolutions and tasks. Authorised executives are vested with powers and responsibilities to address economic, environmental and social matters and may delegate their powers to other employees based on their competences and functions. [102-20](#) ● [102-21](#) ●

The reporting year saw an external assessment of the Board of Directors performance in 2018.

The Board of Directors has four committees.

Committees of the Board of Directors	Directors	Chairman		Share of directors	
		Independent	Non-executive	Independent	Non-executive
Audit and Sustainable Development Committee	5	+	+	60%	40%
Budget Committee	5		+	60%	40%
Strategy Committee	5	+	+	80%	20%
Corporate Governance, Nomination and Remuneration Committee	5	+	+	60%	40%

The President and the Management Board are the Company’s executive bodies. In the reporting period, the position of the Company’s President was held by Vladimir Potanin who concurrently chaired the Company’s Management Board. As at the end of 2019, Vladimir Potanin had held the position of the President (CEO before 2015) for 7 years and 13 days.

Operational sustainability management

The governance and executive bodies of MMC Norilsk Nickel and its subsidiaries are in charge of implementing the Company’s sustainability goals and objectives within the scope of their functions and in accordance with the applicable laws and internal regulations¹.

All executive efforts are coordinated by MMC Norilsk Nickel’s Management Board, President, and a number of executive committees: the Budget Committee under the Management Board, Health, Safety and Environment Committee, Investment Committee, Nomination and Remuneration Committee, and Charity Committee.

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

Compliance with the key international standards in quality and HSE

Company	Compliance of the management system with international standards	External audits in 2019	Certification scope
MMC Norilsk Nickel	ISO 9001:2015, ISO 14001:2015	Surveillance audit	Production, project management, storage, delivery, including by sea, and sales (nickel, copper, cobalt, precious materials, sulphur, selenium, tellurium)
Kola MMC	ISO 9001:2015, ISO 14001:2015, OHSAS 18001:2007	Recertification audit	Mining and processing of ore, production of nickel, copper, cobalt, their compounds, precious metal concentrates, sulphuric acid
Gipronickel Institute	ISO 9001:2015	Surveillance audit	R&D, design, engineering surveys, engineering and environmental activities, project management in mining, concentration and smelting, and relevant inspection methods; development of standards for non-ferrous metal industry products and their inspection methods; development of reference standards for the composition of non-ferrous metal industry products
Norilsk Nickel Harjavalta	ISO 9001:2015, ISO 14001:2015 ISO 45001:2018	Surveillance audit Certification audit	Manufacturing of nickel and cobalt products



Nornickel's management team is made up of professionals with extensive experience. In 2019, seven managers of Nornickel made it to Russia's Top 1000 managers annual ranking published by the Russian Managers Association in collaboration with the Kommersant publishing house. Pavel Platov, Nornickel's Corporate Secretary, received the Director of the Year 2019 award in the Corporate Governance Director category. Larisa Zelkova, Senior Vice President for HR, Social Policy and Public Relations, was named the winner in the individual PR Director of the Year category of the largest communications award in Eastern Europe and Central Asia — Eventiada IPRA Golden World Awards.

We have created an extensive regulatory framework of over 20 internal documents to help integrate sustainability aspects into our management practices and day-to-day operations of our functional units.

Our management systems are aligned with best international practices and standards. For many years, we have been successfully running the Corporate Integrated Quality and Environmental Management System (CIMS). In 2017 we also kicked off an efficiency improvement programme seeking, among other things, to introduce innovative management approaches.

In 2020, we will continue to develop and bring our by-laws in line with the best practices in corporate governance and business ethics.

Remuneration

Remuneration of members of the governing bodies

Key principles and mechanisms of remunerations due to the governing bodies are set out in the the by-laws of the Company.¹ Nornickel's remuneration framework is continuously and closely monitored by the Board of Directors. [102-35](#)

[102-36](#) [102-37](#)

The Board of Directors' annual remuneration is set out in the Remuneration Policy for Members of the Board of Directors¹ approved by the General Meeting of Shareholders.

¹ nornickel.com/investors/disclosure/corporate-documents/

The annual remuneration for non-executive directors includes:

- base remuneration of USD 120,000 for the Board membership;
- additional remuneration of USD 50,000 for membership in a committee of the Board of Directors;
- additional remuneration of USD 150,000 for chairing a committee of the Board of Directors;
- reimbursement of expenses incurred by directors in discharge of their duties.

In 2019, the Annual General Meeting of Shareholders established remuneration for the Chairman of the Board of Directors, an independent director, in the amount of USD 1 mln per year, paid on a quarterly basis in equal instalments in roubles at the exchange rate of the Bank of Russia on the last business day of the reporting quarter¹.

KPIs used by the Company to assess the senior executives' performance reflect the achievement of Nornickel's strategic objectives.

According to the Company's Articles of Association, decisions on remuneration and reimbursement payable to the Company's President and members of the Management Board are reserved to the Board of Directors. The remuneration of senior executives consists of the base salary and bonuses. Bonuses are linked to the Company's performance, including both financial (EBITDA, free cash flow) and non-financial indicators (workplace injury rates, labour productivity). Specifically, at least 20% of collective corporate KPIs are linked to a reduction in the Group's total number of reported injuries; in case of fatal accidents, 20-30% of the annual bonus is not paid to the heads of production units (including the COO).

¹ This amount is after taxes withheld in accordance with the applicable Russian laws.

Employee performance management system

Performance management

103-3 ● 404-3 ●

Nornickel has been operating a performance management system for six years, with assessment relying on key performance indicators (KPIs), including occupational safety, efficiency improvements and capital management. The KPIs factor in cross-functional interests of process participants. In 2019, the KPI-based assessment covered 11,300 employees.

The system helps streamline evaluation criteria, enables the management and employees to align the current year's priorities with performance indicators of the Company/divisions/subsidiaries and link an employee's performance to their pay level.

The performance assessment runs as an automated subsystem of the existing MIS. As at the year-end, the system covered 28 Nornickel's divisions and subsidiaries. In 2020, it will be rolled out at the remaining facilities of the Group.

Competency management

In 2019, the corporate and management competencies model was used to assess candidates at the recruitment stage, evaluate employee performance and potential, and add them to the talent pool. The outcome of evaluating the managerial and leadership potential served as a key criteria for selecting managers with strong career growth prospects.

In 2019, we developed and integrated a 360-degree corporate and management competency review into the MIS as a module. The automated assessment exercise can be rolled out at all our sites to secure uniform approaches to personnel assessment and development.

In terms of professional competency management, the reporting year saw us define knowledge and skill requirements for the Industrial and Occupational Health and Safety function, Polar Division's and Kola MMC's metallurgical operations and the operating unit at Polar Transport Division. We developed a bank of test questions and evaluated the level of employees' professional competencies.

In 2019, the Company continued to develop and train the talent pool, and high-potential executives from our facilities were trained under Nornickel's Leaders corporate programme.

In 2020, we plan to continue rolling out the automated corporate and management competency assessment system at the Company's sites. As part of it, we will start automating professional competency management processes, while also making those related to organising and holding HR committee meetings, and selecting high-potential managers fully automated. We will also proceed with the diagnostics and management of professional skill development across our operations. Our plans include building a professional competency model for a number of functions and operations, such as transportation, HR management, geology and surveying, concentration, repairs, gas extraction and supply. About 3,500 employees are expected to complete professional competency tests in 2020.

Competency assessment in 2019

Competencies	Participants	Outcome
Assessment of potential, current performance and development prospects of middle and top managers	Managers from a number of the Group's key operations	Successors for 150 managerial positions determined 109 high-potential managers trained under Nornickel's Leaders corporate programme
A 360-degree corporate and management competency review using the in-house model	444 managers from the Head Office functions and a number of the Group's key assets	Development activities, tools and methods selected for the participants
Assessment of professional competencies for managers and the blue-collar staff at the Head Office and mining operations	635 managers and white-collars	Areas for personal and professional development identified

Employees covered by assessment in Russia, FTEs

Indicator	Blue-collar employees	White-collar employees	Managers	Group total
Competency assessment				
Male	198	236	1,549	1,983
Female	15	108	348	471
Total	213	344	1,897	2,454
KPI-based assessment				
Male	27	2,058	4,208	6,293
Female	8	3,331	1,698	5,037
Total	35	5,389	5,906	11,330

Assessment of employees in Russia, % of average headcount

Indicator	Blue-collar employees	White-collar employees	Managers	Group total
Competency assessment				
Share of employees covered by competency assessment	0.4%	2.6%	18.1%	3.4%
Share of male employees covered by competency assessment	0.5%	3.8%	19.4%	3.7%
Share of female employees covered by competency assessment	0.1%	1.6%	13.8%	2.4%
KPI-based assessment				
Share of employees covered by KPI-based assessment	0.07%	41.05%	56.26%	15.6%
Share of male employees covered by KPI-based assessment	0.07%	33.25%	52.74%	11.9%
Share of female employees covered by KPI-based assessment	0.08%	48.00%	67.43%	25.5%

Risk management framework

We have put in place an effective risk management framework.

Key objectives:

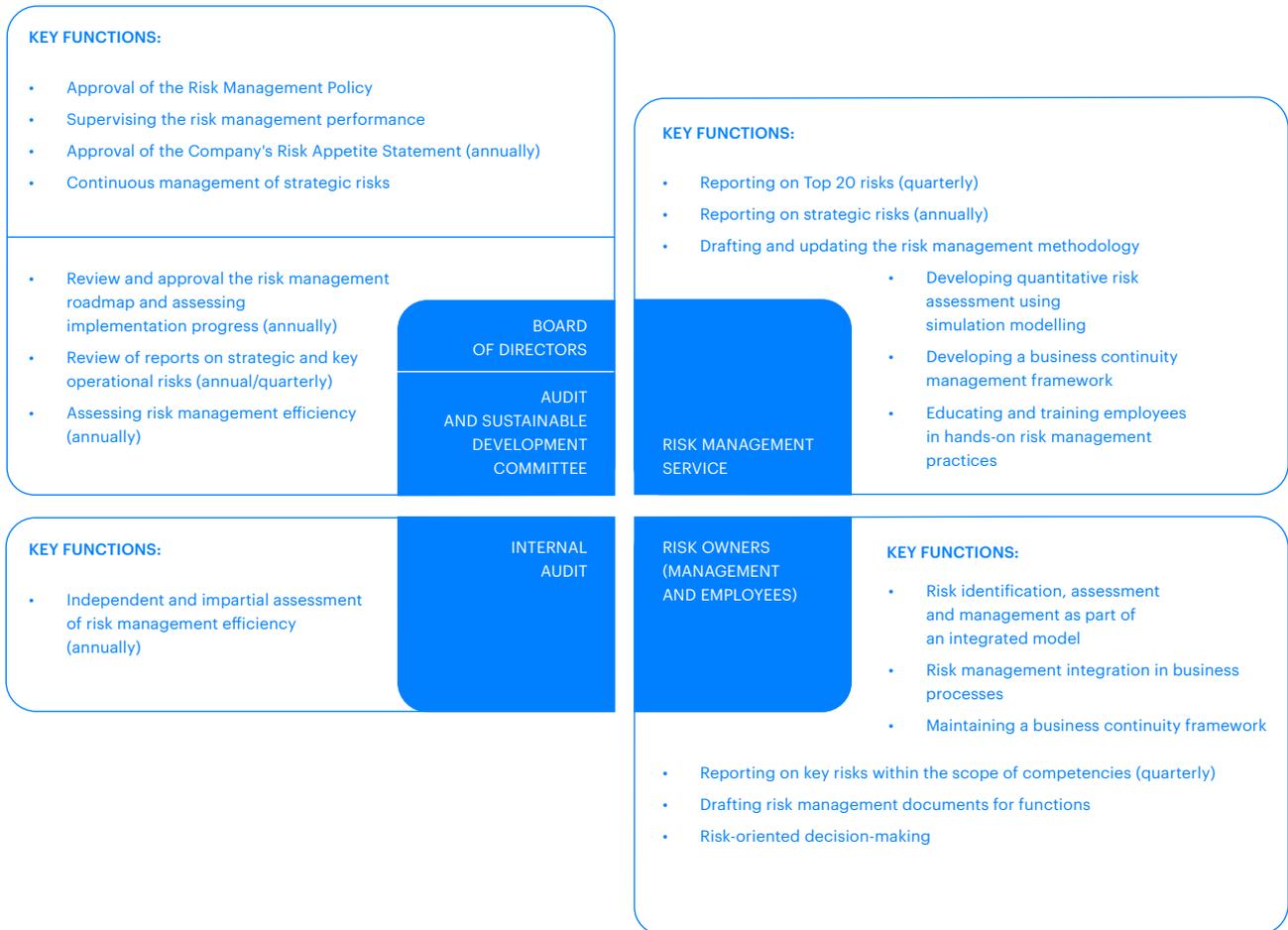
- increase the likelihood of achieving the Company's goals;
- make resource allocation more efficient;
- boost the Company's investment appeal and shareholder value.

The risk management framework is based on the principles and requirements of the Russian and international laws and professional standards, including the Corporate Governance Code recommended by the Bank of Russia, ISO 31000 (Risk Management) and COSO ERM (Enterprise Risk Management — Integrated Framework).

We have formalised our risk management structure, allocating relevant roles and duties to all employees. The Board of Directors defines the principles and approaches to organising a risk management framework and oversees its performance. [102-30](#)

For more details on the risk (including financial risk) management framework and initiatives, please see MMC Norilsk Nickel Annual Report for 2019.

We continuously improve and develop our corporate risk management framework. The key focus areas are set forth in the relevant roadmap in line with standards, international risk management practices, maturity models of risk management processes, and recommendations of the management and Board of Directors.



Our main achievements in risk management for the last three years:

- Developing and approving a risk management package, including policies, regulations, function-level SOPs, and business continuity planning guidelines.
- Listing the Group's key risks. The Board's Audit and Sustainable Development Committee and the Management Board regularly review a strategic risk map and a list of Top 20 risks. Following the assessment, the boards make management decisions, including drafting and approval of risk management plans.
- Including key business units in the corporate risk management framework. Subsidiary risk reports are subject to analysis at all levels and subsequent consolidation in the Head Office on a regular basis.
- The Board of Directors' approval of the Risk Appetite Statement to be updated annually going forward.
- Drafting and approval of business continuity plans for the most critical production and infrastructure risks.

Actions to be taken under the 2020+ risk management roadmap:

- Embark on risk management automation and fine-tuning early risk warning procedures based on a GRC approach.
- Perform regular self-diagnostics and assessment of the risk management framework for compliance with the best global practices.
- Start developing key risk indicators as part of GRC introduction.
- Roll out simulation modelling to investment risk assessment.
- Broaden the business continuity management scope to include non-production processes (IT, security, staffing).

New risk management

Traditionally, new risks arise from exposure to external threats. These risks are often hard to analyse and prevent due to the lack of information. Effective control over newly identified risks is important for securing our stability in the long run, managing changes and maintaining our competitiveness in metals markets. We assess and manage new risks with due regard to their potential effects, the speed of materialisation and our actual ability to prevent and/or mitigate such risk events.

New risks are identified and monitored, at the initial stage, by in-house professionals, including risk experts that pre-identify and evaluate risks in all areas of our business. Risk owners start acting on new risks following the assessment of the Company's exposure and the necessary response measures.

When dealing with new risks, we focus mainly on their prevention and mitigation. The steps we take include introducing relevant controls, such as business continuity plans for external risks that may negatively affect our production operations and business processes. These controls help strengthen Nornickel's resilience to critical situations that occur in the external environment. New risks are subject to regular assessment, including the review and analysis of their materiality for the Company.

Insurance

Insurance is one of the key tools for managing risks and finances and protecting the assets of the Company and its shareholders against any unforeseen losses related to its operations, including due to external hazards.

The Group has centralised its insurance function to consistently implement uniform policies and standards supporting a holistic approach to managing insurance policies and fully covering every risk at all times. Every year, we approve ensure an comprehensive insurance programme that defines key parameters by insurance type and key project.

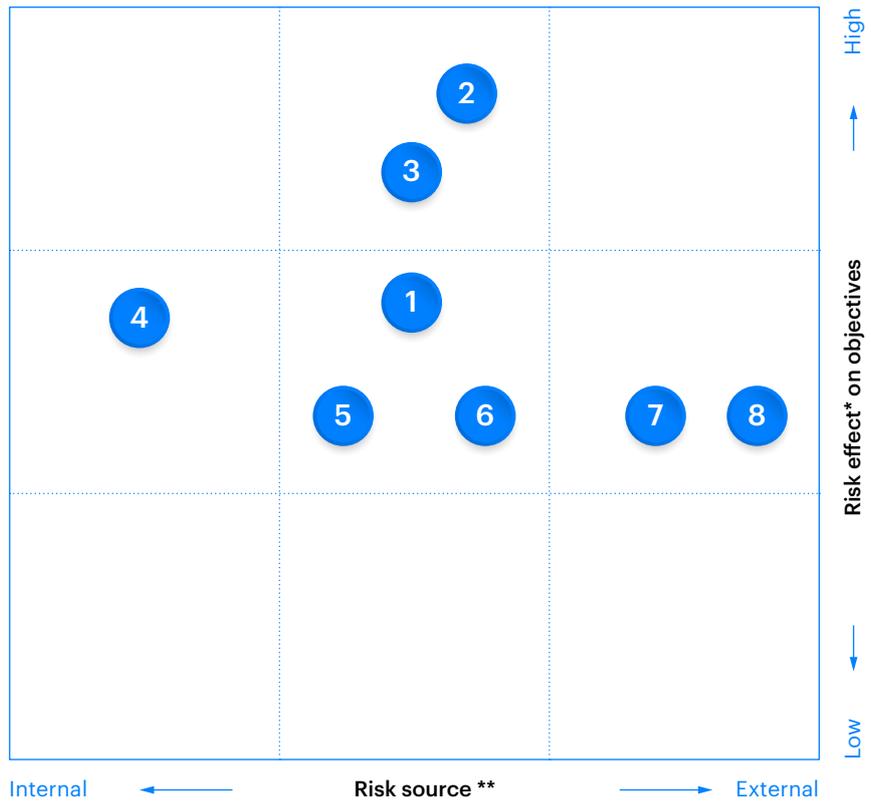
Nornickel runs a corporate insurance programme that covers assets, equipment failures and business interruptions across the Group. Our corporate insurance policies are issued by major Russian insurers in cooperation with an international broker. This helps us make sure that our risks are underwritten by highly reputable international re-insurers.

The same principles of centralisation apply to our freight, construction and installation, aircraft and ship insurance arrangements. The Group companies, as well as its directors and officers, carry business and third-party liability insurance.

To secure optimum insurance terms, we follow the best mining industry practices in this domain.

Map of key sustainability risks

The map of key sustainability risks defines the most significant risks in terms of their sources and their effect on the likelihood of achieving strategic goals. Drafted in accordance with international risk management standards, this document reflects changes in risk materiality in the reporting year.



▲ Risk level higher vs the previous year

▼ Risk level lower vs the previous year

● Risk level unchanged vs the previous year

- 1 ● Risk of toughened environmental requirements
- 2 ● Workplace injury risk
- 3 ● Information security risk
- 4 ● Risk of power blackouts at production and social facilities in the Norilsk Industrial District (NID)
- 5 ● Compliance risk
- 6 ▲ Social risk***
- 7 ● Risk of insufficient water resources
- 8 ● Soil thawing risk

* Risk: The effect of uncertainty on objectives (ISO / GOST R 31000)

** Risk source: An element which alone or in combination has the potential to give rise to risk (ISO / GOST R 31000)

*** The Company is taking a number of additional measures to mitigate this risk (see risk description)

Climate risks

Climate change and global warming may impact our operations in the long run. This impact may manifest in the form of weather anomalies or irreversible changes of climatic conditions. [201-2](#)

Physical effects of climate change (physical climate risks) that may affect our operations include soil thawing and drought. As part of our management strategy, we take a series of steps to monitor and control these risks. We also take into account climate transition risk, including market-related, toughening of environmental regulations and compliance risks.

With high consumption of electricity from renewable sources, large percentage of reused and recycled water and one of the industry's lowest CO₂ emission metrics, we are well positioned to keep this risk at an acceptable level.

Apart from threats, materialised climate risks may ultimately bring us new opportunities due to strong demand for metals needed to build a low-carbon economy.

The Board's Audit and Sustainable Development Committee regularly analyses risk data, including information on climate change risks published in the Norilsk Nickel Group's quarterly risk reports.

Key sustainability risks

This section presents key non-financial risks linked to our sustainability priorities, which are safety, security, environmental protection and social responsibility. For more details on other risks, please see our Annual Report for 2019. [102-15](#)

Risk	Description	Mitigants						
1. Risk of toughened environmental requirements	<p>Toughening of environmental requirements, including procedures to obtain environmental permits and closer government oversight of compliance in this area.</p> <p>Key risk factors:</p> <ul style="list-style-type: none"> • Emphasis placed by domestic and international communities on environmental protection and sustainable development; • increasing changes in environmental laws and regulations. On 1 January 2019, for example, the environmental permits framework saw new requirements on an integrated environmental permit and a new system of standards that sets out technological limits; • technological limits related to the treatment of mine water and industrial effluents. <p>The Company's strategic priorities and/or goals affected by the risk:</p> <ul style="list-style-type: none"> • Ensuring the Company's and its business units' compliance with laws, regulations, corporate standards and business practices <p>Risk assessment</p> <table border="1"> <thead> <tr> <th>Risk effect on objectives</th> <th>Risk source</th> <th>Risk level change y-o-y</th> </tr> </thead> <tbody> <tr> <td>medium</td> <td>combined</td> <td>none</td> </tr> </tbody> </table>	Risk effect on objectives	Risk source	Risk level change y-o-y	medium	combined	none	<p>To manage this risk, the Company:</p> <ul style="list-style-type: none"> • implements an environmental action plan to reduce emissions and discharges, and to ensure timely waste management; • involves its employees in working groups of dedicated committees, regional ministries and government agencies; • takes part in joint projects with nature reserves located in the Company's regions of operation.
Risk effect on objectives	Risk source	Risk level change y-o-y						
medium	combined	none						

Risk

Description

Mitigants

2. Workplace injury risk

Failure to comply with the Group's health and safety rules may result in threats to the employee health and life, temporary suspension of operations and property damage.

Key risk factors:

- Unsatisfactory organisation of operations;
- process disruption;
- exposure to hazardous factors;
- non-compliance with health and safety laws with respect to timely licensing of hazardous production operations.

The Company's strategic priorities and/or goals affected by the risk:

- Health and safety

Risk assessment

Risk effect on objectives

Risk source

Risk level change y-o-y

high

internal

none

Pursuant to the Occupational Health and Safety Policy approved by the Company's Board of Directors, the Company:

- continuously monitors compliance with health and safety requirements;
- improves the working conditions for its own and contractors' employees deployed at the Company's production facilities, including by implementing new technologies, labour saving solutions and enhances industrial safety at production facilities;
- provides staff with certified state-of-the-art personal protective equipment;
- carries out preventive and therapeutic interventions to reduce the potential impact of hazardous and dangerous production factors;
- regularly trains and instructs employees, assesses their health and safety performance, and conducts corporate workshops, including with the use of special simulator units;

Risk

Description

Mitigants

3. Information security risks

Potential cyber crimes may result in an unauthorised transfer, modification or destruction of information assets, disruption or lower efficiency of IT services, business, technological and production processes of the Company.

Key risk factors:

- Growing external threats;
- unfair competition;
- rapid development of IT infrastructure and automation of production and business processes;
- employee and third party wrongdoing.

The Company's strategic priorities and/or goals affected by the risk:

- Reducing the threats to information security and of cyber attacks on process control systems

Risk assessment

Risk effect on objectives	Risk source	Risk level change y-o-y
high	combined	none

To manage this risk, the Company undertakes to:

- comply with applicable Russian laws and regulations with respect to personal data and trade secret protection, insider information, and critical information infrastructure;
- implement MMC Norilsk Nickel's Information Security Policy;
- categorise information assets and assess information security risks;
- raise employee awareness in information security;
- protect assets using technical means and manage information access.

Risk

Description

Mitigants

4. Power blackouts at production and social facilities in the Norilsk Industrial District (NID)

A failure of key equipment at the generating facilities and transmission networks may result in power, heat and water shortage at key production facilities of the Company's Polar Division and social facilities in the NID.

Key risk factors:

- Isolation of the NID's power system from the national grid (Unified Energy System of Russia);
- harsh weather and climatic conditions, including low temperatures, storm winds, snow load;
- length of power, heat and gas transmission lines;
- wear and tear of key production equipment and infrastructure.

The Company's strategic priorities and/or goals affected by the risk:

- Delivery against the metal production plan; timely shipments to customers;
- Social responsibility: creating a safe and comfortable living environment for local communities in the Company's regions of operation.

Risk assessment

Risk effect on objectives	Risk source	Risk level change y-o-y
medium	internal	none

To manage this risk, the Company:

- operates and maintains generating and mining assets as required by the technical documentation, industry rules, regulations, and laws;
- timely constructs and launches transformer facilities, timely replaces transmission towers;
- timely upgrades (replaces) TPP and HPP power units' equipment;
- timely upgrades and renovates trunk gas and condensate pipelines and gas distribution networks.

Risk

Description

Mitigants

5. Compliance risk

The risk of legal liability and/or legal sanctions, significant financial losses, suspension of production, revocation or suspension of licences, loss of reputation, or other adverse effects arising from the Company's non-compliance with the applicable regulations, instructions, rules, standards or codes of conduct.

Key risk factors:

- Changes in legislation and law enforcement practices;
- discrepancies in rules and regulations;
- considerable powers and a high degree of discretion exercised by regulatory authorities;
- potential violation of legal requirements by the Company's business units.

The Company's strategic priorities and/or goals affected by the risk:

- Ensuring the Company's and its business units' compliance with laws, regulations, corporate standards and business practices

To manage this risk, the Company:

- makes sure that the Company complies with the applicable laws;
- defends its interests during surveillance inspections or in administrative offence cases;
- uses pre-trial and trial remedies to defend its interests;
- includes provisions protecting its interests in contracts signed;
- implements initiatives to combat corruption, money laundering, and financing of terrorism and proliferation of weapon of mass destruction.

Risk assessment

Risk effect on objectives	Risk source	Risk level change y-o-y
medium	combined	none

Risk

Description

Mitigants

6. Social risk

Escalating tensions among the workforce due to the deterioration of social and economic conditions in the Company’s regions of operation.

Key risk factors:

- headcount / staff composition optimisation projects;
- rejection of the Company’s values by some employees and third parties;
- limited ability to perform annual wage indexation;
- dissemination of false and inaccurate information about the Company’s plans and operations among the Group’s employees;
- reallocation of spending on social programmes and charity.

The Company’s strategic priorities and/or goals affected by the risk:

Social responsibility:

- partnership with regional and local authorities to develop social infrastructure required to create a safe and comfortable living environment for local communities;
- facilitating the professional and cultural development of employees and building of the talent pool in the regions of operation;
- running regular charity programmes and projects.

To manage this risk, the Company:

- strictly abides by the collective bargaining agreements made between the Group’s companies and employees. In 2018, MMC Norilsk Nickel signed a new collective bargaining agreement for 2018–2021;
- actively interacts with regional and local authorities, and civil society institutions;
- fulfils its social obligations under public-private partnership agreements;
- runs the World of New Opportunities charity programme aimed at supporting and promoting regional public initiatives;
- implements the Norilsk Upgrade project to introduce innovative solutions for sustainable social and economic development of the region.

Risk assessment

Risk effect on objectives	Risk source	Risk level change y-o-y
medium	combined	higher

Risk

Description

Mitigants

7. Risk of insufficient water resources

Water shortages in storage reservoirs of the Company's hydropower facilities may result in failure to achieve necessary water pressure at HPP turbines leading to limited power production and drinking water shortages in Norilsk.

Key risk factors:

- Abnormal natural phenomena (drought) caused by climate change.

The Company's strategic priorities and/or goals affected by the risk:

- Delivery against the metal production plan; timely shipments to customers;
- Social responsibility: creating a safe and comfortable living environment for local communities in the Company's regions of operation.

Risk assessment

Risk effect on objectives	Risk source	Risk level change y-o-y
medium	external	none

To manage this risk, the Company:

- builds a closed water circuit to reduce water withdrawal from external sources;
- performs ongoing hydrological monitoring to forecast water level in rivers and water bodies;
- in cooperation with the Federal Service for Hydrometeorology and Environmental Monitoring (Rosgidromet) sets up permanent hydrological and meteorological monitoring stations to ensure more accurate water level forecasting in its regions of operation;
- dredges the Norilskaya River and reduces energy consumption at the production facilities, should the risk materialise;
- replaces equipment at HPPs to increase electricity output by improving the performance of hydroelectric units (implementation in 2012-2021).

Risk	Description	Mitigants						
8. Soil thawing	<p>Loss of pile foundation bearing capacity, deformation of buildings and structures leading to their destruction.</p> <p>Key risk factors:</p> <ul style="list-style-type: none"> • Climate change, average annual temperature increase (over the last 15–20 years); • increased depth of seasonal thawing. <p>The Company’s strategic priorities and/or goals affected by the risk:</p> <ul style="list-style-type: none"> • Delivery against the metal production plan; timely shipments to customers; • Social responsibility: creating a safe and comfortable living environment for local communities in the Company’s regions of operation. <p>Risk assessment</p> <table border="1"> <thead> <tr> <th data-bbox="438 974 550 1075">Risk effect on objectives</th> <th data-bbox="622 974 750 996">Risk source</th> <th data-bbox="845 974 949 1075">Risk level change y-o-y</th> </tr> </thead> <tbody> <tr> <td data-bbox="438 1131 534 1153">medium</td> <td data-bbox="622 1131 710 1153">external</td> <td data-bbox="845 1131 901 1153">none</td> </tr> </tbody> </table>	Risk effect on objectives	Risk source	Risk level change y-o-y	medium	external	none	<p>To manage this risk, the Company:</p> <ul style="list-style-type: none"> • regularly monitors the condition of foundation beds for buildings and structures built on permafrost; • runs geodetic control of changes in buildings’ positions; • monitors soil temperature at buildings’ foundations; • monitors the facilities’ compliance with operational requirements for crawl spaces; • develops recommendations and corrective action plans to ensure safe operating conditions for buildings and structures.
Risk effect on objectives	Risk source	Risk level change y-o-y						
medium	external	none						

Corporate security

Nornickel is a global metals and mining leader and a strategically important company in most regions where it operates. This makes corporate security a priority area for the Group's operations.

The corporate security system is managed based on a number of programmes to maintain economic, corporate, information, facility and transportation security along with transparency in procurement and contractor selection. We pay special attention to supporting socially significant investment and environmental projects.

Development and implementation of group-wide security measures fall under the remit of the Corporate Security Unit, acting in line with the Russian laws, applicable international regulations, internal standards and guidelines.

We take part in major international forums dedicated to information security issues, where we initiated a project to establish regional contact groups for cyber security in 2019.

In July 2019, the United Nations' Economic and Social Council (ECOSOC) approved a resolution on combating international organised crime and its links to illicit trafficking in precious metals. To a considerable degree, it factors in Nornickel's practical experience, including unique R&D solutions of the Company's Office for Chemical Forensic Analysis designed to identify products containing PGM metals.

In Russia, Nornickel is actively engaged in public-private partnerships to maintain high security levels and enhance social stability at its facilities and in the regions of operation.

Our representatives are involved in developing proposals to harmonise the security laws. As at the end of the reporting year, we administered more than 30 drafts regulations on transport security, combating terrorism and other security aspects.

Also, the Company is expanding cooperation with law enforcement and supervisory authorities. Nornickel representatives participate in public and advisory boards of the Ministry of Internal Affairs, Investigative Committee, Transport Prosecutor's Office and the Federal Security Service, and in interagency working groups. In 2019, we carried out 57 joint drills, 178 training exercises, as well as four dedicated tactical drills together with the Federal Security Service, Ministry of Internal Affairs, EMERCOM, and the Ministry of Defence.

We also piloted a system of analytical situation centres. To develop the system, the Company studied international and domestic best practices, in particular, the Secure City system.

In addition, we established a comprehensive security framework at the Bobrov Log Fun Park (Krasnoyarsk). Following the Winter Universiade 2019 in Krasnoyarsk, a number of employees of Nornickel's Corporate Security Unit were awarded certificates of honour for their contribution to the security of sports and cultural events.

The information security system of Nornickel's Murmansk Transport Division was certified for compliance with ISO/IEC 27001:2013 international standard requirements, yet another milestone in 2019 for us. Successful certification confirms Nornickel's strong information security practices, high adaptability and efficiency of measures taken to boost the resilience of its corporate infrastructure and production processes to cyber threats.

Nornickel's special Corporate Security Department at Moscow State Institute of International Relations (MGIMO) worked actively: in the new academic year, the department introduced a number of new special teaching courses, including International Legislation and Law Enforcement Practice in Public-Private Partnerships, based on the experience of Nornickel Group and other Russian corporations and relevant case studies. The department also prepared the first Russian textbook in this field called "Corporate Security Fundamentals".

Economic efficiency

Economic efficiency is essential for us to meet our strategic goals and deliver on our commitments to shareholders, employees, local communities and other stakeholders. [103-3](#)

The key factors driving the improvement of Nor Nickel's economic performance are investment and profitability management, initiatives on increasing the shareholder value, and best-in-industry shareholder returns.

In 2019, our consolidated revenue grew by 16% y-o-y to USD 13.6 bn thanks to increased output of all the key metals and higher palladium and nickel prices.

EBITDA climbed 27% y-o-y to USD 7.9 bn on the back of higher revenue and strict operating expenses control, while EBITDA margin totalled 58%. There was downward pressure on EBITDA stemming from USD 190 mln of provisions towards the shutdown of metallurgical facilities on the Kola Peninsula. EBITDA of Bystrinsky GOK, which was fully launched in September 2019, amounted to USD 349 mln.

In 2019, our CAPEX decreased by 15% to USD 1.3 bn due to the completion of a number of large investment projects in 2018.

Net debt to EBITDA went down to 0.9 times as at the end of 2019.

Our stable financial position is confirmed by investment grade ratings from Moody's, S&P Global and Fitch.

In February 2019, Moody's upgraded Nor Nickel's credit rating to Baa2, outlook stable, following an increase in Russia's country ceilings for foreign currency debt to the same Baa2 level and an upgrade in Russia's sovereign credit rating to Baa3 (investment grade), outlook stable.

Also, Nor Nickel received the highest creditworthiness rating according to the Russian national scale (ruAAA, outlook stable) from the RAEX (Expert RA) rating agency.

As at the year-end, we had credit ratings from the three leading international rating agencies and the Russian RAEX:

- Fitch Ratings: BBB– / Stable
- Standard & Poor’s: BBB– / Stable
- Moody’s: Baa2 / Stable
- Expert RA: ruAAA/Stable.

In 2019, budgets of various levels saw the Group companies pay RUB 47.73 mln in fines under 412 imposed sanctions, including 21 for environmental impact, 26 for breach of labour laws, and 365 imposed on other grounds.

307-1 ● 419-1 ● 103-2 ●

Financial highlights

Indicator	2015	2016	2017	2018	2019
Revenue, RUB bn	506.1	548.6	536.8	728.9	877.8
Gross profit, RUB bn	277.0	270.8	270.2	408.2	542.1
EBITDA, RUB bn	247.3	257.3	236.4	389.2	513.7
EBITDA margin, %	50	47	44	53	58
Net profit, RUB bn	104.0	167.4	127.4	187.8	387.6
Assets, RUB bn	974.5	998.3	958.3	1,059.5	1,205.5
Total CAPEX ¹ , RUB bn	103.3	113.6	116.7	99.2	85.3

¹ Includes costs paid in Russia for new construction projects, expansion, retrofit or upgrade of existing facilities, acquisition of machinery and equipment, R&D and other expenses, as well as housing and amenity construction.

Direct economic value generated and distributed¹ 201-1

Indicator, RUB bn	2015	2016	2017	2018	2019
1. Direct economic value generated	521.2	554.9	541.0	734.6	884.6
2. Economic value distributed, including:	554.2	512.7	519.0	684.6	918.4
• Operating expenses	175.7	194.6	194.1	228.5	239.1
• Community investments and charity ²	7.0	7.4	17.7	12.9	14.4
• Payroll and other employee remuneration and benefits, including payroll taxes	104.5	114.2	120.4	128.8	136.8
• Payments to providers of capital (interest, dividends) ³	222.0	133.4	128.6	243.1	383.7
• Gross tax payments, excluding payroll taxes	45.0	63.1	58.3	71.3	144.4
3. Economic value retained (1-2)	-32.9	42.2	22.0	50.0	-33.8

¹ Calculated on an accrual basis under the IFRS. The Company used an in-house calculation methodology developed in line with the GRI Standards.

² Excluding CAPEX.

³ Taking into account dividends accrued.

Indicator	Number of non-financial sanctions	Number of fines paid	Amount of fines, RUB '000
Total fines and non-financial sanctions	414	412	47,732.6
Environmental laws and regulations	41	21	1,890.0
Anti-competitive behaviour and breach of antitrust laws	1	1	50.0
Non-compliance with labour laws	15	26	585.0
Non-compliance with health and safety laws	22	43	3,567.9
Non-compliance with consumer protection laws, including with respect to product information and labelling	1	14	320.0
Non-compliance with marketing (advertising) regulations	1	0	0.0
Non-compliance with regulations on the impact of products and services on health and safety	3	3	90.0
Failure to timely comply with the improvement notices issued by regulatory authorities	44	52	12,120.0
Non-compliance with fire safety requirements	15	2	380.0
Breach of sanitary and epidemiological laws unrelated to product requirements	20	25	326.0
Breach of capital construction laws	52	48	8,751.0
Breach of industrial safety laws	131	52	13,910.0
Breach of transportation security laws	12	17	780.4
Other grounds	56	108	4,962.2

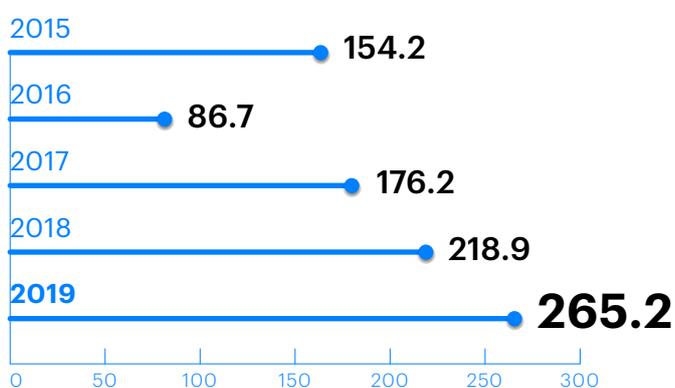
Dividend policy

Our Dividend Policy aims to balance the interests of MMC Norilsk Nickel and its shareholders, enhance the Company's investment case and market capitalisation, and ensure respect of shareholder rights.

The Company put in place the Regulations on the Dividend Policy approved by its Board of Directors to ensure transparency on how dividends are calculated and paid out.

When calculating dividends, we account for the cyclical nature of the metals market and for the need to maintain a high level of creditworthiness. As a result, the amount of dividends may change depending on the Company's operating profit and leverage.

Dividends paid, RUB bn



Stakeholder engagement

Stakeholders and interaction mechanisms

Effective engagement with a wide range of stakeholders is a strong contributor to Nornickel's strategy. [102-21](#) [102-40](#) [102-42](#) [102-43](#)

As part of our operations, we seek to align and balance the interests of all stakeholders and make sure that we fully and timely disclose any material information and respond to any queries.

Our key stakeholders are employees, shareholders, investors, business partners, national and local government authorities, local communities, Russian and international non-profit organisations. We identify stakeholders based on the extent to which they interact, share interests and communicate with the Company.

At the centre of MMC Norilsk Nickel's interaction with various groups of stakeholders is the Company's evolving practice of ongoing dialogue in line with the international stakeholder engagement standards and accountability principles¹, as well as the GRI guidelines.

Stakeholder engagement principles and procedures are set out in MMC Norilsk Nickel's Business Ethics Code².

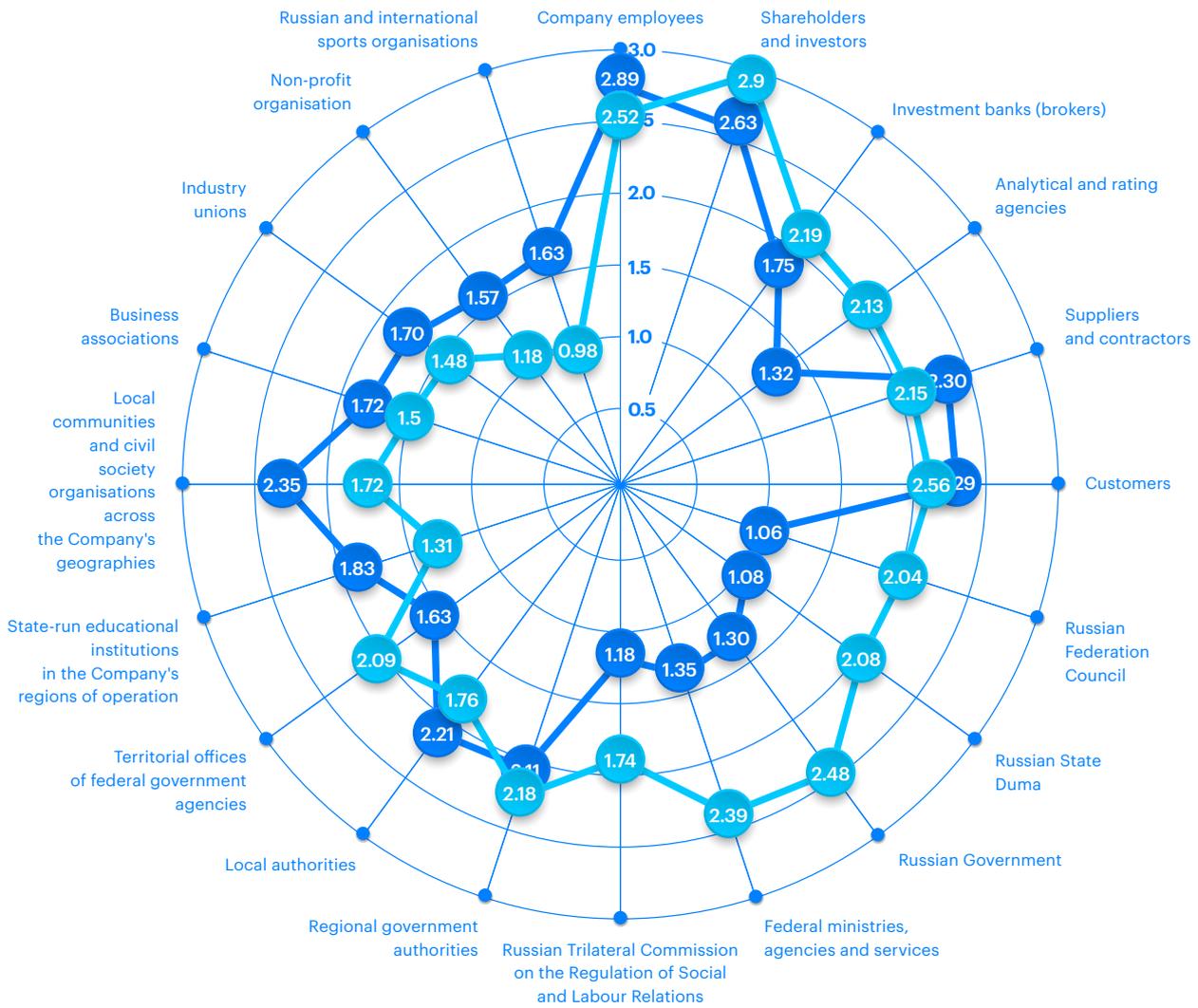
The Transparency Policy of MMC Norilsk Nickel aims to provide stakeholders with complete and accurate information about our activities and ensure proper feedback.

¹ AA1000AP (AA1000 Accountability Principles), AA1000SES (AA1000 Stakeholder Engagement Standard).

² Please see the corporate website at nornickel.com/investors/disclosure/corporate-documents/.

Stakeholder map ¹

Effect of Nornickel Group's operations on the stakeholder Effect of the stakeholder on Nornickel Group



¹ The map was put together based on surveying more than 70 of the Company's managers and employees, as well as external stakeholders.

Stakeholders

Key interests
of stakeholdersInteraction
mechanismsKey interaction events
in 2019**Personnel**Company
employees

- | | | |
|--|---|--|
| <ul style="list-style-type: none"> • Social benefits and guarantees • Decent salaries • Favourable working conditions • The Company's stability as an employer (including matters associated with the shutdown of production facilities) | <ul style="list-style-type: none"> • Joint commissions, committees and working groups • Discussions with trade unions and labour councils • Offices for operating, social and labour matters • Opinion polls • Corporate media, booklets, information screens and boards • Corporate intranet portals | <ul style="list-style-type: none"> • Signing an interregional cross-industry agreement for the key players of the copper and nickel and supporting industries for 2019-2022 • Employee engagement survey |
|--|---|--|

Shareholders and investors

Shareholders

Bond investors

Investment banks
(brokers)Credit, rating and ESG
agencies

- | | | |
|--|---|---|
| <ul style="list-style-type: none"> • Capitalisation growth • Maintaining investment grade credit ratings • Dividends • Transparency of information and timely disclosure of key facts • The Company's sustainable development | <ul style="list-style-type: none"> • Meetings (including one-on-one meetings) and conference calls • Phone calls and emails • Disclosures through presentations and press releases on the website • Road shows • Investor Days • Timely and full disclosure of information on the website of the authorised information agency and on the Company's website | <ul style="list-style-type: none"> • Investor Day on 18 November in London, followed by a road show in Europe • Conference calls to present IFRS financial statements, followed by a road show in the USA and Europe • An analytical review of the nickel and PGM markets prepared in alliance with ICBC Standard Bank |
|--|---|---|

Stakeholders	Key interests of stakeholders	Interaction mechanisms	Key interaction events in 2019
Business partners			
Suppliers and contractors	<ul style="list-style-type: none"> • Accessibility of procurement procedures and awareness 	<ul style="list-style-type: none"> • Meetings, conferences, exhibitions, hosting negotiations • Automated procurement platform (SAP-based) 	<ul style="list-style-type: none"> • Registration at, and interaction through, the Shipment Notice Portal
The Company's customers	<ul style="list-style-type: none"> • Product quality • Packaging and labelling • Delivery terms • Information support of transactions • Sustainable growth of sales markets • Registration of products in sales markets 	<ul style="list-style-type: none"> • Organising meetings • Annual customer surveys • Working with customers on matters of product quality • Processing customer complaints and grievances • Official meetings, conferences, exhibitions • Working with customers in connection with the consumption and market growth prospects analysis • Working with regulators and exchanges 	<ul style="list-style-type: none"> • Audit of Kola MMC by Boliden as part of sustainable development and responsible supply policies (second party audit) • Customer tests of products with enhanced properties • Cobalt listing on the London Metals Exchange

Stakeholders	Key interests of stakeholders	Interaction mechanisms	Key interaction events in 2019
Federal authorities			
Russian Federation Council	<ul style="list-style-type: none"> Regulatory improvement in different areas 	<ul style="list-style-type: none"> Working and expert groups, commissions and committees 	<ul style="list-style-type: none"> Signing an agreement on interaction and cooperation in natural resource management with the Government of the Krasnoyarsk Territory, Federal Service for Supervision of Natural Resources, and the Ministry of Natural Resources and Environment of Russia
Russian State Duma	<ul style="list-style-type: none"> Environmental protection 	<ul style="list-style-type: none"> Public events 	
Russian Government	<ul style="list-style-type: none"> Support for domestic producers 	<ul style="list-style-type: none"> Permits and licences 	
Federal ministries, agencies and services	<ul style="list-style-type: none"> Stability in taxes 	<ul style="list-style-type: none"> Intergovernmental commissions 	
Russian Trilateral Commission on the Regulation of Social and Labour Relations	<ul style="list-style-type: none"> Strengthening enterprises' economic security 		<ul style="list-style-type: none"> Signing agreements on interaction and cooperation with the Federal Agency for Fishery

Regional government authorities and local communities

Regional government authorities	<ul style="list-style-type: none"> Stability in taxes 	<ul style="list-style-type: none"> Working and expert groups, commissions, committees and councils 	<ul style="list-style-type: none"> 29th International Winter Universiade of 2019 in Krasnoyarsk with Nornickel as a partner
Local authorities	<ul style="list-style-type: none"> Environmental impact regulation 	<ul style="list-style-type: none"> Cooperation agreements 	
Territorial offices of federal government agencies	<ul style="list-style-type: none"> Social stability support across the Company's geographies 	<ul style="list-style-type: none"> Development plans for the Company's regions of operation 	
State-run educational institutions in the Company's regions of operation	<ul style="list-style-type: none"> Support for domestic producers 	<ul style="list-style-type: none"> Corporate and partnership programmes and projects 	
Local communities and civil society organisations in the Company's regions of operation	<ul style="list-style-type: none"> Training highly skilled professionals to meet business needs 	<ul style="list-style-type: none"> Forums, conferences, fairs, and round table discussions 	
		<ul style="list-style-type: none"> Joint inspections, drills and training exercises 	

Stakeholders

Key interests of stakeholders

Interaction mechanisms

Key interaction events in 2019

Russian and international non-profit organisations

Business associations	<ul style="list-style-type: none">• Information exchange	<ul style="list-style-type: none">• Involvement in the work of committees and commissions of Russian and international organisations	<ul style="list-style-type: none">• Hosting the 8th Ecological Forum themed «Corporate Responsibility to the Future. Technology for Society and Nature»
Industry unions	<ul style="list-style-type: none">• Removal of administrative barriers		
Non-profit organisation	<ul style="list-style-type: none">• Support for domestic producers	<ul style="list-style-type: none">• Joint projects	
Russian and international sports organisations	<ul style="list-style-type: none">• Stability in taxes• Environmental protection and industrial ecology	<ul style="list-style-type: none">• Events (meetings, round table discussions, conferences and competitions)• Membership in governing bodies and committees• Opinions, proposals, requests	<ul style="list-style-type: none">• Signing of a joint declaration with the United Nations Industrial Development Organisation (UNIDO) to run projects together, including those on green technologies in the metals industry• Signing of a cooperation agreement with the SME Corporation at the Russian Investment Forum to support small and medium-sized enterprises• Participation in drafting of a resolution by the United Nations Economic and Social Council on combating transnational organised crime and its links to illicit trafficking in precious metals

Dialogue with shareholders and investors

The authorised capital of MMC Norilsk Nickel is made up of 158,245,476 ordinary shares with an aggregate market value of USD 48.3 bn as at 31 December 2019, representing a 62.6% increase year-on-year. The Company's ordinary shares are traded on the Moscow Exchange (ticker symbol: GMKN), while ADRs are traded in the electronic trading system of OTC markets of the London Stock Exchange (ticker symbol: MNOD), on the US OTC market (ticker symbol: NILSY) and other stock exchanges. [102-5](#) [102-10](#)

2019 saw a number of changes in the shareholding structure. En+ Group Plc (later renamed into EN+ GROUP International public joint-stock company – EN+ GROUP IPJSC) acquired a controlling stake in UC Rusal Plc, which, either directly or indirectly, holds 27.8% in the Company's authorised capital. As a result, holdings of the major shareholders as at the end of 2019 were as follows: 34.6% was held by Olderfrey Holdings Ltd and 27.8% by EN+ GROUP IPJSC, while shares and ADRs in free float held by institutional and private investors from Russia, the USA, Europe, Asia, and elsewhere represented 37.6% of the capital.

In 2019, Nornickel continued its efforts to diversify the shareholder base and attract new shareholders, organising around 300 meetings with institutional investors, Investor Day in London, and conference calls to present IFRS financial statements, followed by road shows in the USA and Europe.

Shareholding structure as at 31 December 2019



* Has the right to dispose of the share indirectly (through controlled entities)

Responsible investment

As more and more investors and asset managers makes choices and decisions based on responsible investment principles linked to environmental, social and governance (ESG) factors, we held around 25 meetings with ESG investors in 2019. In order to improve relations with responsible investors, analysts and agencies that evaluate companies using ESG criteria, we created a separate section on the corporate website, ESG Strategy¹, with all pertinent information:

Our key ESG ratings in 2019:

- ISS improved the Company's Environmental and Social ratings to 2 and affirmed the Corporate Governance rating at 4 (1 and 10 standing for low and high risk, respectively);
- inclusion of Nor Nickel's shares in the FTSE4Good Emerging Index confirmed, with a score of 3.0 out of 5;
- ESG score by the Robeco SAM investment company improved to 37 (vs 27 in 2018);
- MSCI ESG rating affirmed at B;
- Sustainalytics: the Company remains rated an Average Performer, with the total score reduced to 67 (vs 69 in 2018).

ESG assessment: the largest ratings and initiatives



* nornickel.ru/investors/esg/

Dialogue with employees 103-2

As a way to improve awareness, shape a better understanding of the Company's goals and values, and enhance the level of trust between the team and the management, we are running a number of initiatives to establish a dialogue between senior executives and the personnel. The following activities were held as part of the project in 2019:

- 30 corporate dialogues
- 35 communication training sessions covering more than 400 managers
- 270 informal meetings
- Norilsk Live, a Q&A session with the Company's Vice Presidents
- 6 video interviews with Vice Presidents

A total of 5,500 Nor Nickel employees participated in the initiative.

For more details, please see the Labour Relations section.

Dialogue with authorities and non-profit organisations

103-2

Stringent compliance with Russian laws and regional and municipal regulations, respect for mutual interests, and social responsibility are at the heart of our relations with federal and local government authorities and non-profit organisations.

Following the information transparency principle, we have initiated an open dialogue with local authorities to build constructive and effective cooperation. The Company is represented in 23 committees, commissions, expert and working groups established by governmental bodies in association with the business community, thus supporting socially important projects. Our representatives take part in parliamentary sessions and round table discussions organised by the Federation Council and State Duma of the Federal Assembly of the Russian Federation, Government of the Russian Federation, Russian Union of Industrialists and Entrepreneurs, Chamber of Commerce and Industry of the Russian Federation, Association of Managers, etc.

We take an active part in conferences, forums and business events involving policymakers and government officials, drafting hands-on proposals to optimise and develop the legal framework.

Our top management regularly attends regional authorities' public meetings to report on the results and plans of Nor Nickel. In December 2019, Dmitry Pristanskov, State Secretary — Vice President and Head of GR, spoke in front of the Legislative Assembly of the Krasnoyarsk Territory to present preliminary results of MMC Norilsk Nickel's performance for nine months of 2019 and plans going forward.

Over the past year, we backed a number of large international and domestic conferences and forums:

- Research and Practice Conference "Transport Safety Formula. Law. Knowledge. Practice";
- 2nd Industry Conference "Water Transportation Safety";
- International Forum "Security and Safety Technologies";
- Conference "Fourth Industrial Revolution. Industry and Environment" (Norway);
- Krasnoyarsk Economic Forum;
- International Forum on Information Security in Garmisch-Partenkirchen (Germany);
- Forum of the Central American Parliament on International Information Security and Cybercrime (Guatemala);
- International Forum for the Peaceful Use of Information and Communication Technologies (Havana, Cuba).

Cooperation agreements

In 2019, we signed a number of agreements with federal, regional and local authorities as well as major Russian companies.

The agreements covered a wide range of social and economic issues, including infrastructure projects.

Key agreements

Partners

Subject of agreement

Ministry of Natural Resources and Environment of Russia

- Activities to reduce air pollutant emissions in Norilsk (including as part of the Environment national project)

Federal Service for Supervision of Natural Resources, Government of the Krasnoyarsk Territory

Ministry of Industry and Trade of Russia and the Government of the Krasnoyarsk Territory

- Cooperation on investment projects and major environmental protection initiatives in the Krasnoyarsk Territory

Government of the Murmansk Region

- Cooperation to further social and economic development of the region, development of territories in the Murmansk Region and improvement of the quality of life in the cities across Nornickel's footprint

Administration of the Tula Region

- Cooperation in promoting promising sports projects, including construction of a sports centre in the Tula Region

Federal Agency for Fishery

- Cooperation in conserving aquatic biological resources in the regions of the Company's operations, sharing aquaculture research data, joint workshops and other training activities

Federal State Unitary Enterprise Atomflot

- Cooperation in providing ice-breaking services in the Russian region of the Arctic

Relocation programme

Since 2011, together with federal and regional government authorities we have been contributing to a long-term targeted federal programme to relocate people living in Norilsk and Dudinka to other Russian regions with favourable climate conditions.

The programme provides financing to help families eligible for relocation under government-sponsored programmes and registered in Norilsk and Dudinka to purchase apartments. The programme runs from 2011 to 2020. Nornickel participates in the programme as a benefactor, with its donation totalling RUB 7.8 bn as at the end of 2019. During 2011–2019, more than 7,500 families purchased apartments on the “mainland” and moved there.

Public-private cooperation on corporate security

We traditionally liaise with government agencies, including law enforcement and supervisory agencies, to ensure corporate security and safety. [103-2](#)

Our representatives participate in public and advisory boards of the Ministry of Internal Affairs, Investigative Committee, Transport Prosecutor’s Office, the Federal Security Service, and in interagency working groups.

As a member of the International Information Security Research Consortium (IISRC), Nornickel can participate in crafting of the global information security agenda.

During the year, our representatives took part in international forums and conferences supported by Russia’s Ministry of Foreign Affairs and Security Council. Held in Norway, Guatemala, Cuba and Singapore, the events focused on the information security of business and social facilities that are critical for national economies.



In 2019, we made an emphasis on ongoing cooperation with:

- the Federal Security Service of Russia on anti-terrorism and anti-sabotage security of the Group's critical infrastructure (fuel and energy utilities, transport infrastructure, etc.);
- the Ministry of Internal Affairs of Russia to prevent stealing of products and materials containing precious and non-ferrous metals, maintain security at public events and promote addiction prevention and awareness raising measures;
- the Federal Customs Service of Russia to prevent cross-border smuggling of metal-bearing materials;
- the Russian Ministry for Civil Defence, Emergencies and Elimination of Consequences of Natural Disasters (EMERCOM) to drill emergency responses and coordination in disaster relief operations;
- the Russian Ministry of Foreign Affairs to foster international information security and combat international crime in illegal mining, smuggling and trafficking of precious and non-ferrous metals. As part of the 28th session of the UN Commission on Crime Prevention and Criminal Justice held in Vienna in May 2019, Nornickel presented its report titled "Technology Solutions to Prevent and Combat Illegal Trafficking of Precious Metals".

In 2019, we continued to strengthen our cooperation with the Security Council of the Russian Federation by contributing to the work of the National Association of International Information Security (NAIIS). The Club of Information Security in Industry (part of MMC Norilsk Nickel) is one of the Association's founding organisations, with both Nornickel and the Russian Security Council represented in the NAIIS governing bodies.

The Company forms a key link in creating a global mechanism to ensure reliability of precious metals supplies. In this area, we successfully collaborate with the International Platinum Group Metals Association (IPA), where the Company acts as the Chair of the Security Committee since 2013, and with the United Nations Interregional Crime and Justice Research Institute (UNICRI). Among other projects, we are involved the SIRIO project of UNICRI, designed to develop recommendations on improving government and industry control over mining and trafficking of raw materials containing precious metals to ensure security of supply chains in a variety of industries taking into account key changes in technologies.



Environmental dialogue

Measures for reducing MMC Norilsk Nickel's environmental footprint can be always found on the agenda of the Company and stakeholders. In the course of the year, both internal and public events feature environmental discussions. [103-2](#)

In 2019, the following items were on the agenda of various forums and platforms:

- sustainable development of regions;
- preservation of ecosystems across the footprint of production sites;
- industrial ecology problems.
- improvement of environmental laws and regulations;
- promotion of best practices in environmental protection;
- environmental programmes and initiatives of Nor Nickel.

As part of the annual Investor Day held in November 2019 in London, our management updated the investment community about Nor Nickel's operating and financial performance, metals market forecast, and strategic priorities, including plans to support global shift to clean mobility and a comprehensive environmental programme. For more details, please see the Development Strategy section.

Ecology was also at the top of the agenda at multiple international and domestic forums backed by Nornickel and attended by government representatives, captains of industry, investors, experts, and analysts:

- St Petersburg International Economic Forum;
- International Forum “The Arctic: Territory of Dialogue”;
- Global Manufacturing and Industrialisation Summit (GMIS–2019) (UN);
- 21st International Environmental Congress “Atmosphere 2019”;
- 2nd International R&D Conference “Problems of Maintaining Health and Ensuring Sanitary and Epidemiological Well-Being in the Arctic”;
- Conference “Best Available Techniques in Russia: Achievements and New Challenges”;
- International Conference “Technological and Organisational Innovations in Comprehensive Waste Management”;
- International Conference on Managing Mining Waste;
- 8th Ecological Forum «Corporate Responsibility to the Future. Technology for Society and Nature»;
- Russian Water Congress;
- Cross-Industry Conference “Role of Water in Industry”;
- Environmental Forum “National Environment Project: State Priorities, Business Opportunities”.

MMC Norilsk Nickel maintains active dialogue with various levels of the government and the professional community on matters of application and improvement of the regulatory framework governing environmental protection. In 2019, the key venues for discussion were:

- parliamentary hearings on the implementation of Federal Law No. 219-FZ of 21 July 2014 On Amendments to the Federal Law on Environmental Protection and Certain Legislative Acts of the Russian Federation;
- meeting in the Ministry of Natural Resources “Problems of Issuing Comprehensive Environmental Permits”;
- meetings of the Russian Government’s working group on implementing the regulatory guillotine mechanism in environmental protection and use of natural resources;
- meetings of the working group of the RSPP’s Committee on Natural Resources Management and Environment focusing on the use of fishery regulations to limit industrial impact on water bodies;
- 3rd Climate Forum of Cities held by the Government of Moscow;
- round table discussion and seminar of the Delovaya Rossiya All-Russian Public Organisation titled “Strategy of Reduced Greenhouse Gas Emissions. Global Experience and Potential in Russia”;
- open discussion of the Climate Partnership of Russia titled “Carbon Tax in Russia: Reality and Prospects”;
- workshop by KPMG titled “Climate Change: Risks and Opportunities Related to Low-Carbon Model Initiatives”;
- annual corporate workshop «Environmental Legislation: Problems and Implementation Practices».

Our representatives are closely involved in developing key draft laws on natural resources management, environmental protection, environmental impact fees, environmental charges, and amendments to laws on preferential conditions for investments in the Arctic.

Throughout 2019, our employees were active participants of working groups on improving informational and technical reference books on the best available techniques. In line with changes in environmental protection laws, we started preparations to obtain a comprehensive environmental permit for Polar Division and two sites of Kola MMC. The first stage was an ad-hoc review of sources of negative environmental impact and development of internal technological limits on pollutant emissions and discharges.

In May 2019, the visitor centre of the Pasvik Nature Reserve hosted a meeting on bilateral Russian-Norwegian cooperation in the area of environmental protection, attended by members of the Norwegian Parliament and representatives of Kola MMC. During the meeting, the participants learned more about projects implemented as part of the Kolarctic Cross-Border Cooperation Programme and included in the Working Programme of the Russian-Norwegian Cross-Border Cooperation. The participants also noted that initiatives implemented by Kola MMC had helped reduce air emissions in the Pechengsky District by more than 40% over the past five years.

Over the years, we have successfully used volunteer movements to promote dialogue on environmental protection with our employees and local communities.



One of the largest and most important annual projects of the programme is the Let's Do It! environmental marathon. In 2019, the marathon celebrated its fourth anniversary. Some of the most exciting events of Let's Do It! included:

- large-scale environmental festival comprising a give-away shop, lecture club, and a venue to exchange plastic for environmentally friendly products;
- urban improvement of a number of city spaces, including through the use of recycled materials;
- new workshop on plastic recycling, where anyone can make use of a shredding machine and a furnace to craft something useful out of bottles and caps they have collected.

Also, the 2019 environmental marathon saw a variety of environmental awareness raising events, clean-up days, and other volunteer initiatives.

In June 2019, we held an environmental campaign to mark the World Environment Day as a way to reduce our environmental footprint. The smelting capacities of Nadezhda Metallurgical Plant and Copper Plant were suspended for one hour. In keeping with the tradition, metallurgical operations of Kola MMC also supported the campaign as the smelting and conversion section (one reverberatory furnace, two converters and one anode furnace) of the Metallurgical Shop in Monchegorsk was idled for one hour during the day shift, along with three ore-thermal furnaces and two converters of the smelting shop in the town of Nickel.

In November 2019, Kola MMC took part in the Zero Negative Environmental Impact campaign, supported by the Bellona environmental organisation and the Government of the Murmansk Region. On 29 November, ore-thermal furnace No. 3 of the smelting shop in the town of Nickel was suspended for eight hours. The temporary shutdown was used for necessary repairs with no negative impact on the production plan.



Dialogue on public non-financial reporting

102-43

102-46

Each year starting from 2003, the Company has been engaging in dialogues with stakeholders while drafting sustainability reports.

In 2019, Moscow-based Blagosfera community centre hosted a presentation of Norilsk Nickel Group's 2019 Sustainability Report.

For the first time ever, the Report was presented in a digital format: senior managers made a presentation live-streamed on the corporate YouTube channel. The presentation included discussions of important matters related to the Company's efforts in sustainable development, social responsibility, environmental impact management, and community and investor relations.

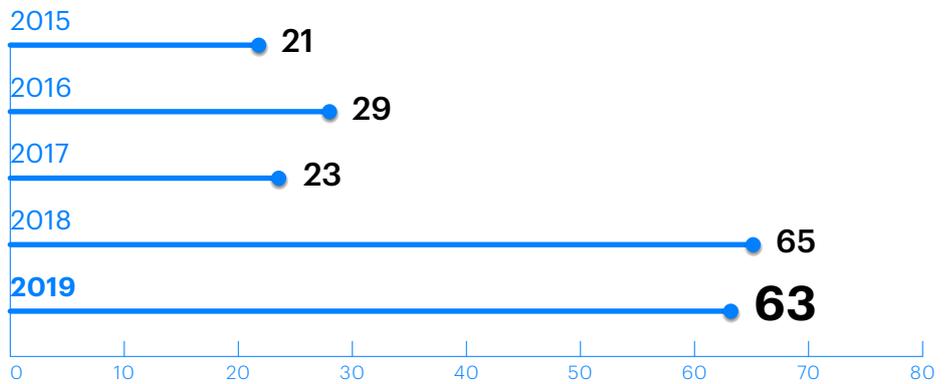
The live stream, which involved international and Russian scientists and experts on sustainability, was joined by residents from across the Company's regions of operation to ask their questions about Norilsk Nickel's major projects. The event was also attended by members of the business community, NGOs, universities, government agencies, and the media.

Since 2014, these dialogues have also been staged as part of the We Are the City! social technologies forum. While preparing the 2019 Sustainability Report, we engaged in dialogues with stakeholders in Zapolyarny and Norilsk. Involved in those activities were employees of Norilsk Nickel in regions of operations, local authorities, businesses, NGOs, and experts on sustainable development. These dialogues helped identify the Sustainable Development Goals most relevant for the Company and the regions where it operates.

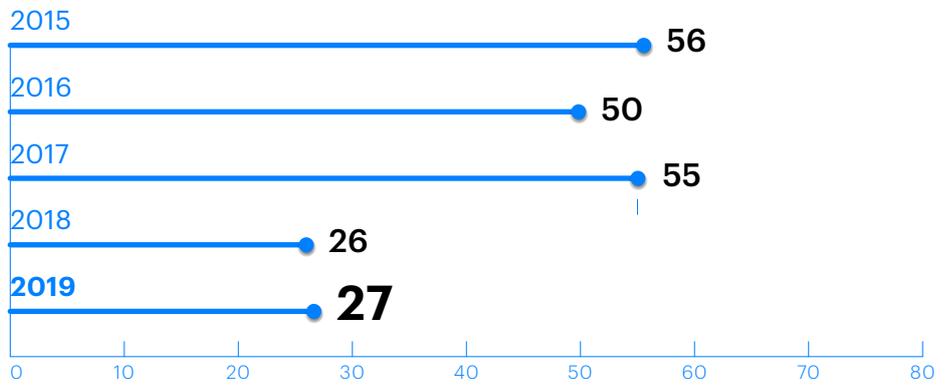
The dialogues were held in the new format of a quiz session, with participants watching the effects of digital transformation in the context of municipalities of the North. The event discussed case studies focused on the SDGs that are most relevant for the Company's operations in the digitalisation area, and also helped provide advice on how to deliver further progress.

Number of dialogue participants as part of the 2019 Sustainability Report campaign, ppl ¹

External stakeholders



Internal stakeholders



Dialogue participants by territory, 2019 Sustainability Report campaign, %



¹ External stakeholders are representatives of regional and local authorities, communities, and non-profit organisations, while internal stakeholders refer to managers of various levels from the Head Office, Polar Division, and Kola MMC.

Supply chain management

Supply chain is a set of interrelated resources and processes leveraged by Nornickel to create value all the way from obtaining goods, materials and services to delivering end products to the consumers. Supply chain management at Nornickel seeks to ensure continuous operation of the Group's companies, high product quality and reliability of shipments to customers.

102-9

We continuously improve the efficiency of our supply chain by adopting international best practices and standards and through business process optimisation and automation.

Key elements of Nornickel's supply chain



Supply

Given our diverse businesses and geography of operations, the supply management function is designed to fully cater to the Company's resource needs in a timely and efficient manner securing seamless operation of all production units and negotiating the best available procurement terms.

The importance of Nornickel's supply function is dictated by the impact it has on:

- achievement of the Company's strategic goals. Supply management plays a crucial role in the programme to enhance efficiency and cut costs;
- occupational health and safety. The quality of sourced products and timely supplies have a material impact on occupational health and are directly linked to the workplace safety;
- environment. An environmental impact is exerted throughout the life cycle of sourced products (production, transportation, storage, use and disposal) and is directly linked to demand planning, inventory management and logistics; [103-2](#)
- financial performance of the Group companies across the footprint. As we are the only or key customer for many local businesses, partnership with Nornickel gives suppliers an opportunity to ensure seamless operation of their enterprises and provides incentives for further growth;
- our contribution to the professional growth and cultural development of employees.

To meet the Company's strategic environmental goals, our procurement team together with experts from other departments are looking into alternative technologies (alternative fuel and energy sources) that can reduce the Company's environmental impact and cut costs.

The current tender procedure, in particular, includes a criterion of the supplier's readiness to participate in the Company's alternative energy initiatives. As part of a pilot project to build compressed natural gas infrastructure in the Norilsk Industrial District (NID), we signed business agreements to purchase special vehicles that run on eco-friendly fuels (liquefied natural gas) for production sites across the NID.

This pilot project is an example of procurement experts working in cross-functional teams that implement Nornickel's programmes and investment projects aiming to move the NID special vehicle fleet over to fuel gas.

Being a part of our cross-functional groups facilitates the professional growth and cultural development of employees. This helps them pick up teamwork skills and learn to find solutions together. Information exchange within the remit of each of the Company's business units offers different perspectives on problems, with all the opinions and interests factored in to provide a solid basis for reliable decisions.

Other venues for professional skill development are trade fairs and conferences, while Nornickel's training programmes aim to broaden employees' knowledge relevant to their jobs in procurement (in 2019, our specialists attended the Corporate Purchases: Practices conference at Skolkovo, the bauma trade fair in Munich, and Quorum's 15th Corporate Supply Management Conference for Procurement Directors).

As part of arranging and streamlining our work on returning materials and equipment after use (dismantling), the Procurement Department works within its remit to determine the list of the equipment and materials to be returned and involve the suppliers in the programme of returning them, including ferrous, non-ferrous, and precious metals scrap and waste, for reuse in our production process.

The involvement of suppliers in the Trade-in programme helps us cut and optimise our business costs.

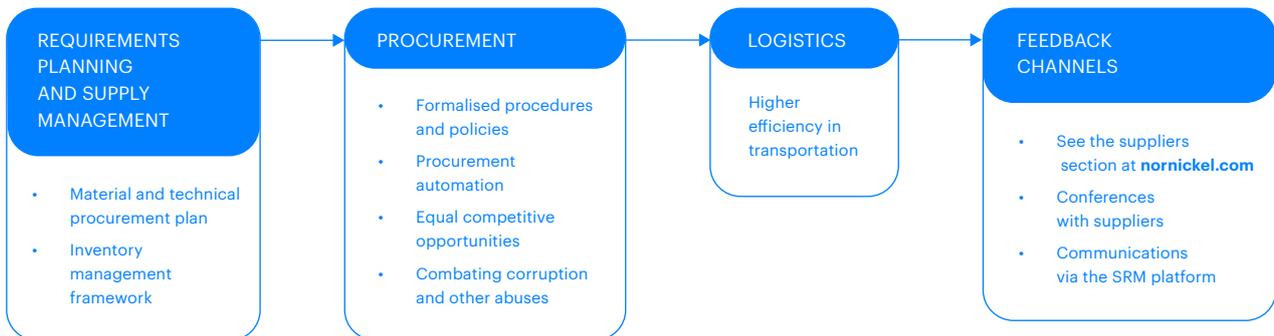
Procurement management

The Company's procurement process is certified for compliance with ISO 9001 and ISO 14001.

Our procurement activities are based on formalised procedures and policies, Business Ethics Code of MMC Norilsk Nickel, the Company's Anti-Corruption Policy, Regulation on the Product Procurement Procedure, and other by-laws of the Company.

In our purchasing activities, we exercise a unified approach to both centralised procurement and procurement organised independently by the Head Office, branches, and Group enterprises. Depending on the expected purchase price, procurement can be organised either as a bidding procedure (tender), simple procurement, or simplified procurement. Procurement procedures may involve collective procurement bodies, such as the tender committee, tender commissions of the Head Office, procurement and tender commissions of the branches and Group companies. In 2019, the Company signed over 3,000 contracts for centralised procurement of materials and equipment worth around RUB 51.2 bn¹.

Procurement management



¹ Net of VAT.

We have adopted category procurement policies. These documents outline common mandatory principles and approaches for purchasing items of a certain category and aim to mitigate operational and financial risks and costs, reduce working capital, make supplies more reliable, and improve the delivery cycle. As at the end of 2019, a total of 37 category procurement policies were in place, including three adopted in the same year. In 2019, the Company purchased ca. 53% of supplies for core operations based on category procurement policies.

In the reporting year, the tender committee and tender commissions of the Head Office in charge of material and equipment purchases, full-cycle projects and IT products carried out procurement for over RUB 32.7 bn¹. The Company's tender committee focuses on improving procedures for identifying reliable suppliers of quality products at a fair market price.

Stronger competition and procurement automation

To handle both centralised (through MMC Norilsk Nickel) and decentralised (at the Group's Russian business units) procurement activities, we use SAP SRM, an automated system for supplier relationship management. Seven companies from Nornickel Group were connected to this system in 2019.

Creating effective feedback mechanisms, which are also SRM-based, is one of the Company's priorities for supplier relationship development. To stay informed about and take part in Nornickel's procurement procedures, suppliers can access Nornickel's SRM system and talk to experts about any type of product to be purchased. Sign-up for the system is free, imposing no additional obligations and no need to use a digital signature on the users. As at the end of 2019, over 3,200 potential suppliers were registered and licensed to work in the system.

Apart from that, the Company leverages independent bidding platforms, such as Fabrikant.ru and B2B-Centre. These solutions help improve the transparency of supplier selection and enhance the competitive environment as part of the procurement procedures.

In 2019, the Sales, Procurement, and Innovation Unit held a conference to discuss procurement efficiency, new opportunities driven by SAP ERP, environmental and NID development projects, as well as progress towards performance improvement and lean production.

¹ Excluding purchases under large-scale environmental initiatives.

Supplier selection

Nornickel has in place a multi-level supplier assessment system that complies with ISO 9001:2015 Quality Management System.

The Company applies a life cycle costing approach to selecting suppliers, which includes the costs of ownership and subsequent utilisation, and follows formalised procedures which are based on the following principles:

- equal competitive opportunities for suppliers;
- comparison of business proposals from qualified suppliers according to pre-approved, objective and measurable criteria;
- division of procurement functions and responsibilities by roles;
- a multi-step process of procurement decision-making.
- the results of the qualification-based selection and suppliers of the costliest items are approved by the collective procurement body comprising representatives from various functions of the Company.

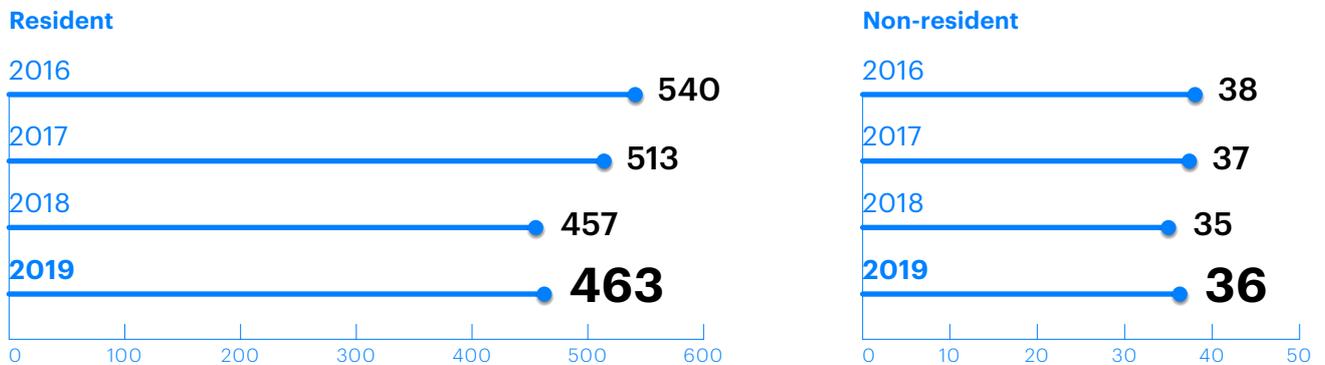
Compliance with the above supplier selection criteria makes the decision-making process transparent and maximises the Company's benefits by helping to reasonably choose the best available offer.

92.8%

share of domestic suppliers in 2019

Nornickel pays close attention to developing relations with manufacturers of equipment and materials, as they ensure the Company's ability to meet its strategic targets. We are committed to working with more local suppliers. To this end, we developed a centralised pilot testing procedure enabling us to promote competition and phase out imported equipment with that manufactured locally. Foreign suppliers are mainly engaged for delivering unique equipment or systems that do not have Russian alternatives. In 2019, the Company completed 24 pilot tests, 16 of which were deemed successful (including 12 pilot tests of Russian-made materials and equipment). As at the end of 2019, 22 pilot tests were in progress. The Company established cross-functional commissions to identify promising areas for scheduled pilot tests aimed at achieving import substitution.

Fig. Breakdown of the Group's suppliers and contractors, number of companies



In 2019, the Company's Procurement Department and the Investment and Industry Department under the Yaroslavl Region government signed a production cooperation memorandum to implement locally developed hi-tech solutions at Nor Nickel sites. The meeting minutes envisage:

- measures to compile a list of relevant products and their application areas/projects;
- assessment of local goods' compliance with specifications and import substitution requirements of the Norilsk Nickel Group companies;
- competitive selection of vendors and suppliers;
- pre-qualification of vendors and suppliers.

All our procurement activities rely on the regulated procedures and policies and are in full compliance with federal laws on procurement of goods, works and services by certain types of legal entities.

Supplier feedback channels

To maintain an ongoing dialogue with suppliers, our website has a dedicated Suppliers page, which provides key information on the Group's procurement principles and procedures and planned material requirements. The page also features announcements and invitations to participate in the Company's tenders.

Our procurement experts make up an active part of the professional community in relation to the respective procurement areas, attending industry exhibitions and participating in conferences organised by professional communities.

Creating effective feedback mechanisms is one of our priorities in developing supplier relations. We have put in place SAP SRM, an automated solution for supplier relationship management. This gives the suppliers continuous access to information relating to the Company's procurement procedures. Over 3,200 potential suppliers are currently registered and licensed to work in the system.

Integration of responsible management and sustainable development principles into the supply chain

In our relationships with suppliers, we aim to create shared information environment and values. An ESG clause is incorporated into the standard agreement with suppliers and contractors. We adhere to a number of codes of conduct applied by our business partners and devised by foreign manufacturers.

Nornickel evaluates the business reputation, reliability and solvency of potential counterparties to mitigate risks.

Requirements planning and supply management

Material requirements are determined based on production plans and the needs of other business lines. At the planning stage, the Company defines health, safety and environment, as well as other mandatory and optional product and supplier requirements, including availability of certificates, permits, and licences. The resulting data are used to create a material and technical procurement plan.

Accurate planning and availability of stock are key to uninterrupted operations at Nornickel Group. At the same time, we pursue inventory optimisation to minimise our working capital.

Nornickel's procedure for requirements planning and inventory management is governed by the internal regulation on Procurement Plan Development, Review and Approval, as well as the Implementation Standard of Inventory Management System for Materials and Supplies at MMC Norilsk Nickel.

In 2019, Nornickel executives achieved further progress in improving inventory management and streamlining planning and procurement processes. Following the full-scale roll-out of optimisation across the Company's major assets, the reporting year saw a significant decrease in surplus inventories (by 9%, or RUB 1.5 bn) for core and investment operations. Total inventories (excluding materials in transit) in the same perimeter went down 7% or RUB 4.5 bn. Our management focuses on preventing the accumulation of slow-turnover inventories by further streamlining business processes.



Control of non-financial factors in supplier relations 103-2

Procurement stage	By-laws and other control tools	Control of non-financial factors
Procurement initiation	Scope of supply/work: legal and regulatory requirements of the Company, mandatory and recommended specifications of products and services, covering health, safety and environment, etc.	● ● ● ●
	Procurement documents: provisions for no signs of bankruptcy, overdue taxes and charges, and no criminal records in the biographies of top managers	● ● ● ●
	Procurement policies for certain product categories may specify quality assurance procedures for supplies	●
Procurement procedure	Qualification of suppliers: default risk assessment and compliance with the Company's initial requirements (scope of supply/work, specifications, etc.)	● ● ● ●
	Corporate Security's checks into business reputation, reliability, and solvency of potential counterparties	●
	Analysis and evaluation of bids submitted, including track record of similar projects and qualifications of key employees	●
Contracting procedure	Inclusion of an anti-corruption clause in the contract	●
	Inclusion of product and service specifications in the scope of supply/work	● ● ● ●
Contract performance by suppliers	Corporate Procedure for Organising and Conducting High-Hazard Operations: control over contractors' compliance with health and safety requirements	●
	Control over compliance with the Company's initial requirements (scope of supply/work, specifications, etc.) and environmental regulations during work and upon acceptance	● ● ●

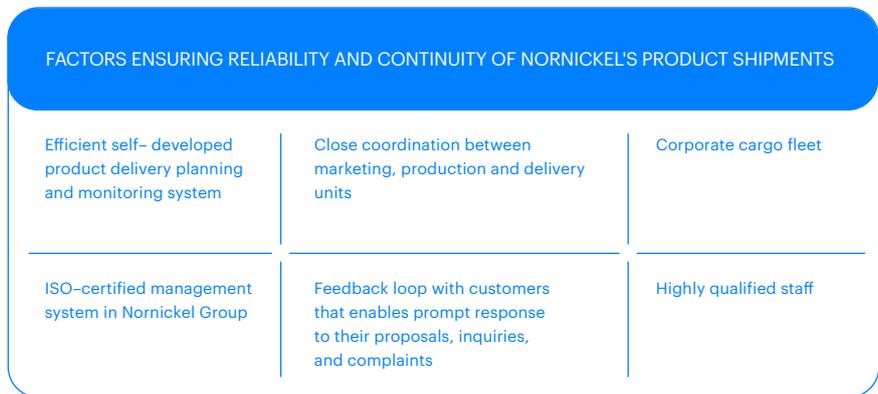
Key non-financial factors:

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

Product quality and supply reliability 102-2

We at Nornickel Group have achieved utmost efficiency in our production operations to provide the volumes, quality, and product range¹ that meet the needs of society while also fully complying with all applicable laws and HSE requirements.

In 2019, the management systems of MMC Norilsk Nickel and GiproNickel Institute successfully passed surveillance audits, while the systems of Kola MMC were subjected to a recertification audit. At Norilsk Nickel Harjavalta, inspection audits focused on ISO 9001 and ISO 14001 compliant management systems, and an ISO 45001 certification audit was carried out on its occupational health and safety management system. A total of 130 employees underwent training in quality management, including 13 in the Head Office, 43 at Polar Division, 28 at Kola MMC, two at NORMETIMPEX and 44 at Norilsk Nickel Harjavalta.



¹ Our products fall in the category of those that change their properties almost completely when used as intended: nickel is generally used in steels and alloys; copper is mostly used in construction and manufacturing of electric and electronic devices; cobalt is used in electrical engineering and chemical industries as well as alloy production; platinum and palladium as chemical compounds are mainly used in autocatalysts; selenium is used in metallurgy, chemical, electrical engineering and glass industries; tellurium is used in solar batteries and photovoltaics and thermoelectrical materials; nickel and cobalt salts are used in a variety of industries.

We have put in place the Corporate Integrated Quality and Environmental Management System.

Polar Division's M00k copper cathodes (GOST 859-2014 and GOST 546-2001) are certified in the GOST R certification system for compliance with the applicable product regulations and are registered on the London Metal Exchange (LME) under the NORILSK brand.

Kola MMC's nickel cathode brands of SEVERONICKEL COMBINE H-1Y and SEVERONICKEL COMBINE H-1 are registered on the London Metal Exchange and Shanghai Futures Exchange.

In 2018, nickel cathodes were registered on the LME under the NORNICKEL brand, with the NORILSK I electrolytic cobalt following suit in 2019. With a purity rate in excess of 99.8%, Kola MMC's premium electrolytic cobalt grades are unrivalled in Russia. Globally, only a handful of companies can match this level.

Corporate Integrated Management System (CIMS)



Products offered by Norilsk Nickel Harjavalta Oy, in particular, nickel brands of NORILSK NICKEL HARJAVALTA CATHODES and NORILSK NICKEL HARJAVALTA BRIQUETTES, are also registered on the LME.

The Company's goods are labelled to keep the customers and carriers informed about key properties of the products (including those meant for exports). The labelling rules are set out in product-specific regulations and take into account the GOST 4192-96 (Labelling) requirements and contractual obligations.

In 2019, the Company faced no major fines for a failure to comply with product supply rules and requirements.

Sales policy

In sales, we seek to build long-term strategic relationships with key market players. When it comes to nickel products, our sales strategy focuses on achieving a balance between supplies to stainless steel manufacturers and to other industry stakeholders. [102-4](#) [102-6](#)

As the world's largest producer of palladium, we continue to implement the strategy of entering into direct long-term contracts with end customers to ensure sustainable and strong demand for platinum group metals. For details on our sales policy, please see the 2019 Annual Report.

In 2019, our customer base exceeded 400 entities (mostly industrial companies). Nornickel sells its products in all key markets, with its footprint spanning 37 countries as at the end of 2019.

Customer satisfaction monitoring

Buyers of the Company's key products are surveyed to assess their satisfaction on an annual basis, while those purchasing sulphuric acid are asked to complete relevant questionnaires once every three years. Compliance with contractual obligations is audited and analysed on an ongoing basis. Survey results provide insights into the effectiveness of customer satisfaction initiatives over the past year and help identify more areas for improvement.

The key to positive survey results is maintaining or exceeding target customer satisfaction level at 2.50 points (out of 3 points). Surveys must cover key customers accounting for at least 50% of total product sales. According to the 2019 survey, the customer satisfaction level stood at 2.70 points.

In 2019, we received 39 complaints and grievances about product or service quality and achieved out of court settlement for all of them by meeting the demands of customers (23 complaints were deemed unfounded). As at the end of 2019, two grievances were still being processed, with remedial action plans developed to address 17 complaints (including six that had been rejected).

Markets and production volumes¹

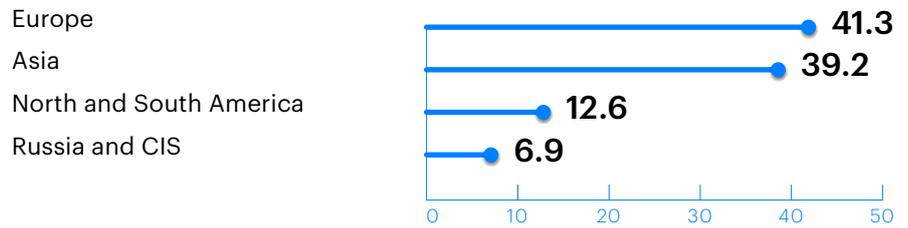
	Market environment	Price trend	Company's production volume
Nickel market	reduction of shortages	growth	228.7 kt
Palladium market	reduction of shortages	strong growth	2,922 koz
Platinum market	growth of oversupply	moderate decline	702 koz
Copper market	reduction of shortages	decline	499.1 kt

¹ For details on the Company's key metal markets, please see the 2019 Annual Report at nornickel.ru/investors/disclosure/annual-reports/2019.

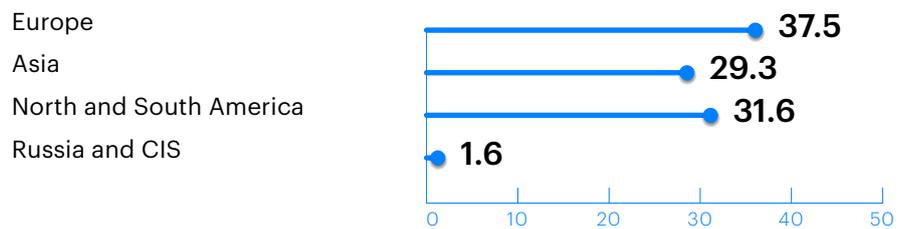
Revenue from key metal sales in 2019 by region, %

102-6

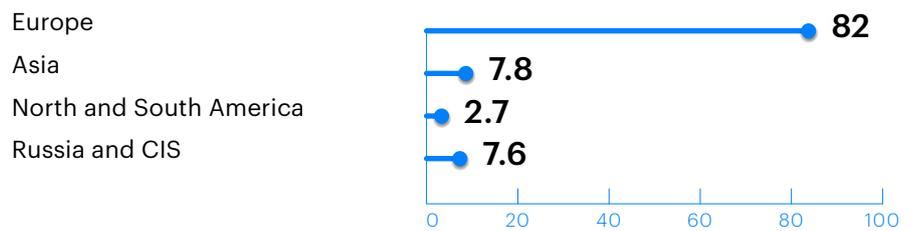
Nickel



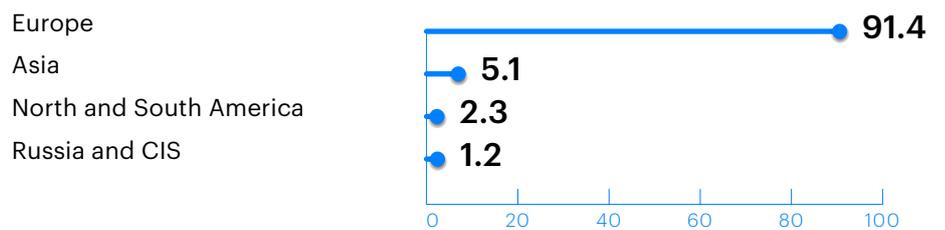
Palladium



Copper



Platinum



Innovations

R&D and innovation play a major role in taking forward Nornickel's strategic priorities, from expanding our production to improving efficiency and reducing environmental impact.

For the most part, these key areas of development are handled by the Company's two dedicated business divisions — Gipronickel Institute (part of the Group) and Nornickel Digital Lab.

On top of that, we have an R&D Panel in place set up back in 2013 to improve the quality of decision-making in the R&D process.

Gipronickel Institute is one of Russia's largest research and engineering centres for mining, metallurgy, concentration and processing of minerals that is in charge of Nornickel's R&D and feasibility studies. The institute is engaged in developing standard operating procedures (SOPs) as well as upgrading and supporting all key operations, including ore mining, concentration, pyrometallurgy and hydrometallurgy.

Among the highlights of 2019, the United Nations Economic and Social Council (ECOSOC) approved a resolution "Combating transnational organised crime and its links to illicit trafficking in precious metals" that leveraged Nornickel's singular technology to identify PGM-bearing items, which testifies to the strength of our R&D team.

Nornickel Digital Lab was established in 2018 to focus on research based on digital technologies. The lab tracks new technologies and emerging business models, collects, collates and analyses digital initiatives, and prototypes new solutions that will help streamline our processes and eliminate production bottlenecks and inefficiencies. The lab team includes engineers with extensive hands-on experience, highly qualified mathematicians and IT specialists.

In two years since inception, Nornickel Digital Lab accumulated over 130 concepts, with over 30 initiatives being under active development and 16 completed and pending potential implementation.

Among the lab's key 2019 projects was collaboration with the South-West State University to develop industrial exoskeletons for the mining industry¹.

Made of light and durable aviation aluminium, Nornickel's industrial exoskeletons reflect biomechanics of human movement. They transfer the load from the human's spine to their own metal framework. Workers put on exoskeletons over their workwear and adjust them with belts. Our initial tests showed that one worker wearing an exoskeleton is as productive as three workers exposed to heavy manual labour. Exoskeletons are most useful in operations with heavy hand tools, laying pipes, loading and unloading, and installing metal structures. According to preliminary estimates, the use of such exoskeletons may greatly improve both employee productivity and safety.

The basic exoskeleton design may feature an integrated Global Navigation Satellite System (GLONASS), a sensor for load measurements, and additional lights.

[In 2019, we displayed our industrial exoskeletons at an advanced technology exhibition visited by Russia's President Vladimir Putin and organised by the Agency for Strategic Initiatives \(ASI\) as part of the National Technology Initiative for Russia's leadership in global technology markets by 2035.](#)

As at the end of 2019, pilot tests of exoskeletons were run at Norilsk Mining and Metallurgical Plant, Talnakh Concentrator and other Company facilities. Some partner industrial companies also had an opportunity to conduct on-site tests of our exoskeletons and provide their feedback.

In 2020, Nornickel plans to continue commercial testing of industrial exoskeletons with a potential to subsequently expand their production based on the testing results and demand for this solution.

¹ For more details on Nornickel Digital Lab's projects, please see the Digital technology section.

Digital technology

The development of digital technology is one of the most significant trends shaping today's economy. Digital solutions have the potential to significantly impact the global division of labour and become a key factor in increasing labour productivity in the medium term.

Nornickel leads the charge among Russian industrial producers in bringing digital technology to production and takes an active part in building the national legal and regulatory framework in this area, which is also one of the key aspects of the Digital Economy national project. Vladimir Potanin, President of MMC Norilsk Nickel since 2018, has chaired the working group of the Russian Union of Industrialists and Entrepreneurs for coordination of legislative and regulatory efforts in the realm of digital economy.

The key elements of Nornickel's digital transformation:

- introduction of automated management systems;
- digitalisation of mining management processes;
- development of business solutions based on the distributed ledger (blockchain) technology;
- other projects in industrial robotics, the Internet of Things (IoT), big data analysis, digital twins and other innovations.

In 2019, we signed a number of cooperation memoranda with Russian and foreign companies from various industries and focused on collaboration with major market players to share experience in leveraging artificial intelligence, machine learning, blockchain and other advanced technology to eliminate bottlenecks and improve safety at our industrial facilities.

The opportunities of the sharing economy tested by us in the course of such cooperation will enable industrial companies to monetise their know-how, while also helping them significantly accelerate innovative development and manage their internal R&D processes effectively.

Digital innovation in mining management

Technology Breakthrough is an ongoing programme to introduce advanced digital technology in mine engineering, as well as in planning and operational control of mining activities.

The Digital Mine project is one of the key initiatives of the programme, which seeks to boost operating efficiency of underground mining by:

- centralising planning and control of mining operations based on real-time data analysis;
- developing an automated system for shift-to-shift planning of mining operations over a ten-day horizon.

The project will bring a number of positive benefits for Nornickel, enabling the Company to enhance safety of underground operations and provide training opportunities for employees (simulation-based training, management skills training), and also supporting the creation of new jobs (such as a remote control operator of self-propelled drilling rigs / load-haul dumpers, etc.) in the long term.

— We already monitor around 80% of our production processes in real time. All of our mines can effectively track their current production indicators at cycle-level granularity.

We are now considering possible roll-out of 5G or LTE networks to support our dynamic production environment. This will bring connectivity to the most remote parts of the mine and enable real-time data transmission by all underground equipment.



Sergey Dyachenko

First Vice President
and COO at MMC Norilsk Nickel:

Early in the project, communications and tracking infrastructure was set up for locating people and equipment underground, including a fiber-optic network and a wireless data transmission system, with tags worn by all mine personnel or installed in all mining equipment to track their movement.

As at the end of 2019, state-of-the-art operational control centres supporting 24/7 real-time mining operations monitoring were launched at five mines of Polar Division (Oktyabrsky, Taimyrsky, Komsomolsky, Skalisty and Mayak). In 2020, Nornickel plans to launch similar centres at Kola MMC's Severny Mine.

Nornickel is also working on the Automated Mining Management System project to enable real-time performance monitoring of shift assignments, with data transmission devices installed on load-haul-dump vehicles, self-propelled drilling rigs and underground electric locomotives.

The system greatly accelerates data exchange, which, in turn, can help increase the volume of ore mined, cut costs, and boost efficiency of human resource management.

Launched at Kola MMC's Severny Mine in late 2019, the Automated Mining Management System is planned to be rolled out at Polar Division's Oktyabrsky, Skalisty and Komsomolsky mines in 2020.

On top of that, many mines are now testing electronic job orders. As part of this exercise, electronic logs, which are being gradually introduced in our operations, are filled out online by our mine experts based on visual inspection and assessment of each section's condition to record any ongoing changes. At the end of shift, these logs can be used to generate job assignments for mechanics, power engineers and other employees.

Nornickel is also developing:

- independent drones capable of taking video deep inside a mine without GPS guidance. These devices contribute to occupational safety;
- a robotic system equipped for laser scanning and capable of autonomous navigation in the mine. The robot can do high-quality 3D mine surveying, including hard-to-reach areas, and the results can be integrated into the MGIS.

Automated management systems

Nornickel is actively introducing automated management systems at its enterprises to streamline procurement, financial and HR processes.

In addition to covering the Company's Head Office, Kola MMC and Bystrinsky GOK, in 2019 the SAP ERP system was also launched at Polar Division.

In addition, we have developed an ERP roll-out roadmap that defines the list of enterprises to join the centralised system over the next several years and schedules respective timelines. In 2020, an SAP ERP system is planned to be launched at transport divisions and other sites of MMC Norilsk Nickel.

- In 2019, Nornickel completed the roll-out of an ERP system across its operations in the Norilsk Industrial District, which became one of its most ambitious business automation projects. The project was successfully completed in just 18 months despite the impressive scale of coverage, geographical remoteness of production assets, and severe climatic conditions of the Far North. It won the gold award in the Business Transformation category at SAP Quality Awards — 2019, and we are extremely proud to see it recognised by the expert community.



Sergey Malyshev

Senior Vice President
and CFO at MMC Norilsk Nickel:

In early 2019, Nor Nickel launched a project to automate insurance premium adjustments reporting based on a new HCM solution – the Report Management System (RMS). The decision to develop this system came in response to Order of the Federal Tax Service of Russia No. MMB-7-11 / 551 dated 10 October 2016 that required the Company to report adjustments to prior-year statements to the Federal Tax Service.

Its launch opens up opportunities for businesses to produce reporting without manual adjustments and reduces the time for their preparation. Today, the RMS solution is used across three of Nor Nickel’s enterprises, whose aggregate headcount exceeds 12,000 employees.

Commercialising innovation in collaboration with SAP

In 2019, Nor Nickel Digital Lab began cooperation with SAP with a view to commercialising Nor Nickel’s innovations. In the same year, the lab released two proprietary solutions built on SAP’s open source software and offered them for sale through a special platform of the German manufacturer:

- conveyor contaminant video identification system for concentration facilities;
- thermal imaging short circuit video identification system for copper electrolysis shops.

Both solutions can help significantly increase productivity by preventing production shutdowns associated with the need to fix technical issues.

[The lab’s conveyor contaminant identification project won the golden award at the MineDigital Competition held as part of the MINEX Russia 2019 mining forum.](#)

Blockchain

Tokenisation of assets

Thanks to embracing and using distributed ledger systems (blockchain) and the tokenisation technology, Nornickel, as the industry's digital leader, has gained a number of significant competitive advantages, including security, speed, transparency, higher liquidity of digitised assets, lower costs, provenance and confirmed quality of metal-bearing products, and a potential to attract a new class of investors.

Nornickel is one of the first industrial companies to embark on the concept of selling tokenised products with ambitious goals of offering a wider range of options, managing sales policy in an efficient manner by using modern digital technologies, identifying new markets, and attracting funding on more favourable terms.

The key infrastructure for data implementation will be a tokenisation platform, which is currently developed in partnership with IBM, a global IT leader. Industry majors have been invited to pilot the contract tokenisation feature.

Another promising practical application of blockchain in the industry is ensuring a higher value chain transparency as part of implementing the responsible production and consumption concept.



Engagement with the professional community

In 2019, we joined the Hyperledger Project, a global collaboration hosted by the Linux Foundation, one of the largest and most reputable technology consortia supporting the creation of sustainable open source ecosystems. Hyperledger is an open source collaborative effort created to advance cross-industry blockchain technologies as well as to build a framework for efficient global corporate and research partnerships to promote the most successful solutions.

In October 2019, Nor Nickel helped host Russia's first ever Hyperledger Bootcamp, a major educational and networking event for IT professionals and startups, as well as representatives of large companies involved in IT development and support.

The participants had an opportunity to get together in an informal setting to share expertise, get insights into the key open source trends and case studies, and exchange experience in new project and technology development. Among them were executives of the Hyperledger Project's global team as well as representatives of Norilsk Nickel, Sberbank, Russian Railways, Intel, Oracle, various startups, and major educational institutions offering programmes in technical majors. Nor Nickel's specialists participated in a number of sessions as speakers and invited experts.



Digital talent pipeline

In 2019, as part of its efforts to build a talent pipeline, Nornickel signed a trilateral agreement to launch a master's programme in blockchain at the Moscow Institute of Physics and Technology (MIPT). The agreement was signed at the St Petersburg International Economic Forum between Nornickel, MIPT and IBM, a global leader in digital technology and blockchain. The initiative is designed to provide career incentives to students, while also supporting innovative competence building on a national scale, fostering an environment for the best practices sharing with contribution from industry leaders, and passing on IT experience to subsequent generations.

- Nornickel's strategy seeks to develop its talent pool in cooperation with Russia's leading technical universities resulting in new competencies with a focus on digital technology. We will prepare today's students to meet tomorrow's challenges, so that they can join Nornickel and help reinforce the Company's growth and efficiency. In addition to training specialists, a newly set up educational centre will support R&D in technology and the roll-out of promising solutions across Nornickel's projects.



Sergey Batekhin

Senior Vice President —
Sales, Procurement, and Innovation

Transparency

Enhanced transparency and reliable access to information for all stakeholders are the main principles guiding Nornickel Group in its operations.

The Company has in place the following key documents governing transparency:

- Information Policy Regulations
- Procedure for the Interaction between MMC Norilsk Nickel's Officers and Russian and International Mass Media.

We provide our stakeholders with material information as per the requirements of the Russian law and annually increase the scope of disclosure on all aspects of our operations, which range from production activities to social and economic projects in the regions of operation. We have been keeping up with our commitment to regularly inform the public about our strategy and mission, policies, key events and performance, as well as make clear our position on certain topics.

In the application of our information policy (as approved by the Board of Directors), we are guided by the principles of regularity, timeliness, accessibility, reliability, completeness, balance, and impartiality. Our annual disclosures span production activities, financial performance, and social policy, as well as the environmental situation in areas adjacent to the Company's facilities, including our mitigation projects and corrective actions along with their effect on the environment. We seek to constantly improve the quality of information provided in annual reports and reports on sustainable development.

The key channels used to relay information to the stakeholders and the public are the Company's official website nornickel.com, press conferences, briefings, conference calls, and stakeholder meetings and dialogues. We make sure to explain the Company's position on events (including emergencies) that call for comments, including through press conferences, briefings, or press releases. To that end, we have put in place an efficient media communications system.

Over the past year, the number of media publications about Nornickel increased by 6% compared to 2018 and exceeded 100,000. In 2019, outlets focused mainly on the production and financial performance of the Company, our updated strategy, relations with local communities, the 2019 Universiade, the Sulphur Programme status, and social and charitable programmes and initiatives.



UN Global Compact



RUB 9.6 bn spent on social programmes and employee benefits in 2019

Compliance with the UN Global Compact

Our human capital is the basis of our success. With this in mind, Nornickel seeks to create an attractive employee value proposition to help its people fully develop their potential and to boost the shared sense of engagement towards achieving the Company's goals.

Achievements

Recognition

In 2019, Nornickel was named Russia's Best Employer by Forbes in their Global 2000: The World's Best Employers ranking.

HeadHunter ranked Nornickel No. 4 among the top 100 best employers in Russia.

Standarts

We are consistently building our anti-corruption and compliance framework based on zero tolerance to any form of corruption.

Numbers

In 2019, the Group's total environmental protection expenditures stood at RUB 39.5 bn.

Commitment to human rights

UN Global Compact Principles

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

Principle 2: Businesses should make sure that they are not complicit in human rights abuses.

Respect for human rights is a fundamental value for Nornickel, key to ensuring sustainable development of the Company and its stakeholders alike.

As a socially responsible business, a major employer and a taxpayer operating in the territories with a mature legal culture, the Company respects and promotes human rights and freedoms in line with internationally recognised norms and practices. In particular, Nornickel complies with the applicable laws of the Russian Federation and other countries of its operations and respects both international standards for human rights protection and labour standards set out in the International Bill of Human Rights, the International Labour Organisation Declaration on Fundamental Principles and Rights at Work and the UN Guiding Principles on Business and Human Rights.

The Company's commitment to respect human rights is reflected in its Human Rights Policy¹, and other by-laws governing HR, environmental, social and other matters.

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

Focus area

Regulations

Respect for human rights

- Human Rights Policy
- Anti-Embezzlement Regulations
- In-House Investigation Regulations
- Business Ethics Code
- Equal Opportunities Programme
- Working Conditions Policy

Personal data protection

- Information Security Policy
- Personal Data Policy
- Procedure for Identifying and Categorising Information Assets

The Company does not tolerate any forms of discrimination and does not use forced or child labour, giving every employee an equal opportunity to exercise their labour rights regardless of gender, race, nationality, origin, financial, social, and occupational status, age, domicile, religion, political beliefs, and other circumstances not related to professional qualities. The Company is also committed to addressing socially significant issues in all regions of its operations. No operations are run in, and no raw materials are procured from, areas involved in military conflicts.

The Company's President is responsible for ensuring that Nornickel respects human rights. The Company's management and employees are committed to complying with Russian and international laws and the Company's by-laws on human rights. The Company has a clear governance structure with a defined hierarchy for reporting and escalating concerns about human rights issues.

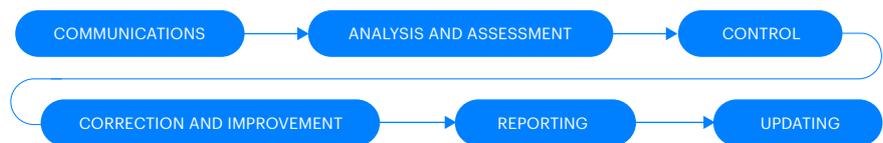
In 2019, there were no incidents involving human rights violations at Nornickel.

Nornickel regularly assesses the potential impact of its operations on human rights. On top of addressing human rights risks and ensuring full compliance with applicable requirements, the Company also implements best practices (signs employment contracts and collective bargaining agreements, creates favourable work and rest conditions for employees) and expects its suppliers and contractors to respect human rights throughout their operations.

All of the Company's new projects are vetted for compliance with national and international legislation and are subject to a comprehensive human rights review, including an impact assessment. These checks involve over ten of Nornickel's functions.

Information on alleged human rights violations is collected via Nornickel's Corporate Trust Service, employee questionnaires, and sentiment surveys among local population. The Company guarantees confidentiality for whistleblowers and respondents. Report statistics are reviewed by the Audit and Sustainable Development Committee of the Board of Directors on a quarterly basis.

Nornickel's human rights protection process¹



¹ For more details, please see the Human Rights Policy <https://www.nornickel.com/investors/disclosure/corporate-documents/#corporate-codes-and-policies>

Respect for human rights across Nornickel's operations

Key human rights¹

Nornickel's by-laws

Nornickel's contribution

Key human rights ¹	Business Ethics Code	Human Rights Policy	Equal Opportunities Programme	Working Conditions Policy ²	Occupational Health and Safety Policy	Personal Data Policy	Freedom of Association Policy	Policy Regarding Support for Small and Medium Enterprises	Local Community Relations Policy ²	Environmental Policy	Environmental Impact Assessment Policy	Biodiversity Policy	Renewable Energy Sources Policy	Indigenous Rights Policy ²	Nornickel's contribution
Right to life, freedom, and privacy, freedom from arbitrary arrest	■	■			■	■									In 2019, the Company's health and safety indicators were some of the best in the metals and mining industry, with LTIFR standing at 0.32
Right to health and medical assistance	■	■	■		■			■							
Right to protection from discrimination	■	■	■												The Company does not tolerate discrimination on any grounds
Right to freedom of association and collective bargaining	■	■	■				■								The Company maintains a social partnership framework, with collective agreements covering 83% of the workforce
Right to work and to fair and adequate remuneration	■	■	■					■	■						<p>The average salary paid to Nornickel's employees is well above Russia's average. The Company takes steps to secure jobs for vulnerable population groups and people with disabilities.</p> <p>Women have equal rights to men</p>
Other labour rights (fair and favourable working conditions, social support, reasonable work schedule, ban on forced labour, regular paid vacations)	■	■	■	■											<p>The Company complies with the Russian Federation employment laws that are in line with the UN documents ratified by Russia.</p> <p>In 2019, Nornickel was ranked No. 1 by Forbes Russia in its Top 50 employers rating.</p> <p>Forced labour is forbidden</p>

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

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

Respect for human rights across Nornickel's operations

Key human rights¹

Nornickel's by-laws

Nornickel's contribution

Key human rights ¹	Business Ethics Code	Human Rights Policy	Equal Opportunities Programme	Working Conditions Policy ²	Occupational Health and Safety Policy	Personal Data Policy	Freedom of Association Policy	Policy Regarding Support for Small and Medium Enterprises	Local Community Relations Policy ²	Environmental Policy	Environmental Impact Assessment Policy	Biodiversity Policy	Renewable Energy Sources Policy	Indigenous Rights Policy ³	Nornickel's contribution
Right to education	■	■	■						■						The Company runs a wide range of training courses for all of its personnel categories, providing career guidance and targeted support to educational institutions across its geographies
Protection of family, maternity and childhood	■	■							■						Child labour is forbidden. The Company respects and protects the rights of mothers and pregnant women. Its social programmes in the fields of housing, healthcare, and culture aim to support and provide leisure opportunities for families
Freedom of movement	■	■	■						■						The Company does not restrict the freedom of movement of its employees. It reimburses round trip travel expenses and baggage fees as part of the benefits package
Right to shelter, right to own property	■	■							■					■	The Company does not implement or plan to implement projects related to taking land from the population and forced relocation. No disputes with the local population over land use were recorded
Right to a healthy environment	■	■								■	■	■	■		The Company continuously works to reduce its environmental footprint and implements a comprehensive environmental policy
Rights of indigenous peoples	■	■												■	The Company supports projects aimed at preserving the traditional lifestyle and culture of Taimyr's indigenous peoples while fostering their social and economic development. It includes organising air transportation, supplying construction materials and diesel fuel, and staging festivals and cultural events. In 2019, the Company's spending on support for indigenous northern minorities amounted to ca. RUB 31 mln. In 2019, there were no violations of the rights of indigenous minorities by the Company

Nornickel's projects on support for indigenous northern minorities were presented at the 18th Session of the United Nations Permanent Forum on Indigenous Issues.

Interaction with indigenous northern minorities

Nornickel respects the rights, traditions, long-standing values and interests of indigenous northern minorities inhabiting the Company's regions of operation. Nornickel's operations and companies located in traditional settlement areas of indigenous northern minorities include Polar Transport Division, Norilskgazprom and Norilsktransgaz. Representatives of the Group companies are members of indigenous northern minority commissions set up by local authorities.

Nornickel's key commitments to further strengthen and develop relations with indigenous northern minorities that benefit both parties are set out in the Indigenous Rights Policy , which is aligned with the Indigenous and Tribal Peoples Convention of the International Labour Organisation.

Nornickel's commitments to indigenous northern minorities include:

- respecting indigenous lands;
- supporting indigenous practices of using natural resources;
- engaging in renewable biological resources restoration programmes;
- helping to preserve indigenous traditions;
- promoting indigenous trades;
- providing social support to indigenous peoples with a view to achieving modern living standards.

The Company also contributes to the preservation of the indigenous languages of the North. In 2019, the Company partnered with the Year of Indigenous Languages forum in Khanty-Mansiysk, part of the UN's international celebration.

¹ <https://www.nornickel.com/investors/disclosure/corporate-documents/#corporate-codes-and-policies>

In 2019, the Company's spending on support for indigenous northern minorities amounted to ca. RUB 100 mln.

Together with the Arctic Development Project Office and the Siberian Federal University, Nornickel is supporting the initiative to create a written language for the Enets people. This is the last people in the Siberian Arctic having no written language officially. According to the census of 2010, there are only 221 people of that ethnicity. By now, a written language has already been created, and we are currently discussing with federal agencies its integration into educational programmes and alignment with the requirements of the educational system. In 2019, the Arctic Development Project Office received support from the Company to publish an Enets alphabet book with a workbook for 1st grade students.

Every year, organisations representing indigenous communities take part in Nornickel's World of New Opportunities charitable programme. The Company has already supported the projects on preserving the national Dolgan and Nenets languages, promoting the Nenets oral literature, preserving national costumes, creating an ethnographic park, promoting a healthy lifestyle, and other initiatives.

In an attempt to preserve the national traditions and culture of indigenous northern minorities, the Company helps stage annual professional festivals for tundra inhabitants on the occasion of the Reindeer Herder's Day and the Fisherman's Day and provides presents and prizes for the winners in the competitions held as part of festivities. To that end, the Company normally purchases items that enjoy the greatest demand among locals, including tents, gasoline power generators, household equipment, outboard motors, inflatable boats, GPS navigators, sleeping bags, and binoculars.

Additionally, the Company is a key participant in the Northern Supply Haul programme, with its fleet delivering coal, diesel, and construction materials to remote settlements on the Taimyr Peninsula. It also supports indigenous peoples of the North by organising air transportation and food supplies.

Nornickel also participates in the Comfortable Taimyr project in line with its agreement with the Taymyrsky Dolgano-Nenetsky Municipal District authorities. Under the project, the Company is to fund the construction of 2,500 sq m of housing in the Tukhard settlement, where dilapidated housing stock is a serious issue.

In 2020, we will continue working on the projects aimed at supporting and developing the regions inhabited by the indigenous ethnic minorities of the North. Key scheduled projects include participation in the Reindeer Herder's Day and the Fisherman's Day celebrations, charitable support at the request of Taimyr and Tazovsky District municipal authorities, implementation of certain target projects proposed by the winners of the Socially Responsible Initiatives Competition in 2019, and ensuring air deliveries as part of the patronage assistance programme. The Company's financial contributions are expected to remain unchanged.



Labour relations

UN Global Compact Principles

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

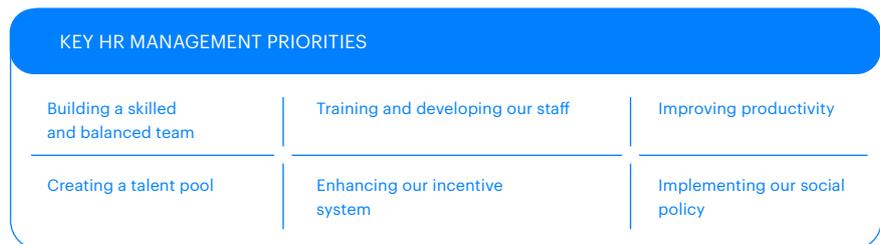
Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 5: Businesses should uphold the effective abolition of child labour.

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Our approach to HR management

Our human capital is the basis of our success. With this in mind, Nor nickel seeks to create an attractive employee value proposition to help its people fully develop their potential and to boost the shared sense of engagement towards achieving the Company's goals. [103-2](#)



To assess the quality of HR management and ensure its efficiency, the Company continuously monitors HR metrics and reviews staff costs, productivity levels, impacts of its social and adaptation programmes, and employee engagement survey results. [103-3](#)

HR management responsibilities are allocated among Nornickel's various governing bodies and business units in line with their terms of reference.

Governing body

Responsibilities

Corporate Governance, Nomination and Remuneration Committee of the Board of Directors

- Considering HR management priorities and key internal regulations
- Monitoring effectiveness of the HR management process

President

- Implementing the HR management strategy

Senior Vice President for HR, Social Policy and Public Relations

- Overseeing the development and implementation of the HR strategy

HR Department

- Developing and implementing the HR strategy
- Participating in the development and implementation of the Company's social policy

Social Policy Department

- Developing and implementing the social policy, and social and charitable programmes

HR functions of the Group companies:

- Implementing HR and social policies at Group companies
-

Key HR management regulations:

- Principles and provisions of the international law, standards of the International Labour Organisation, national laws of the countries of operation
- The Constitution and the Labour Code of the Russian Federation
- Nornickel's Equal Opportunities Programme
- Nornickel's Freedom of Association Policy
- Nornickel's Working Conditions Policy
- Nornickel's Personal Data Policy
- Nornickel's Talent Pool Regulation
- Nornickel's Procedure for Assessing Employee Performance



Staff composition

The Group's average headcount in 2019 was 73,715 employees, of which 98.7% were employed at its Russian companies.

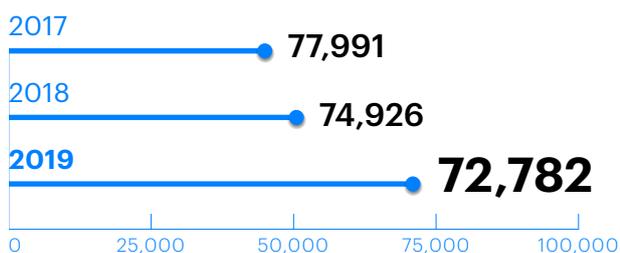
The average headcount decrease across the Russian operations by 2.9% y-o-y was due to the continued implementation of the programme to improve productivity and reduce costs.

The headcount¹ of the Group's Russian companies as at the year-end stood at 74,543 employees, with most of them working full time (>99%) and on permanent contracts (>96%). As at the end of 2019, there were 830 employees working on civil contracts.

102-8

Our average headcount

Nornickel's Russian companies

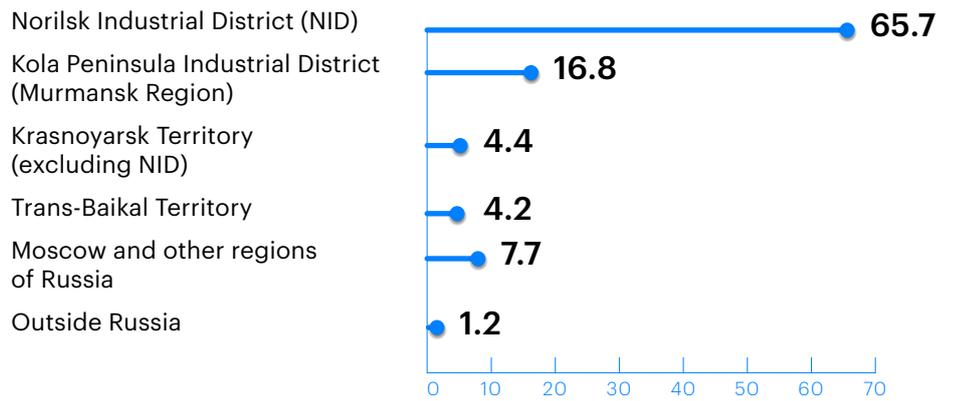


Nornickel's foreign companies

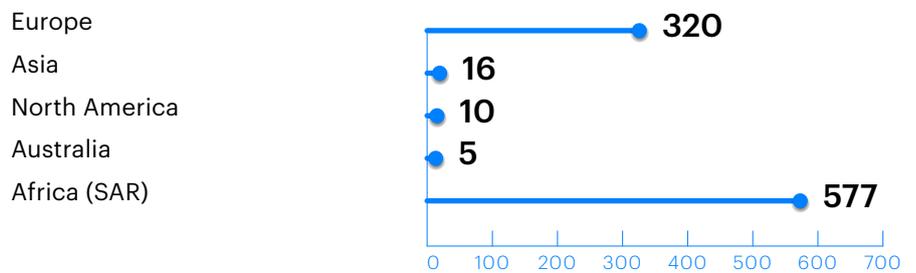


¹ Including salaried employees and external part-timers.

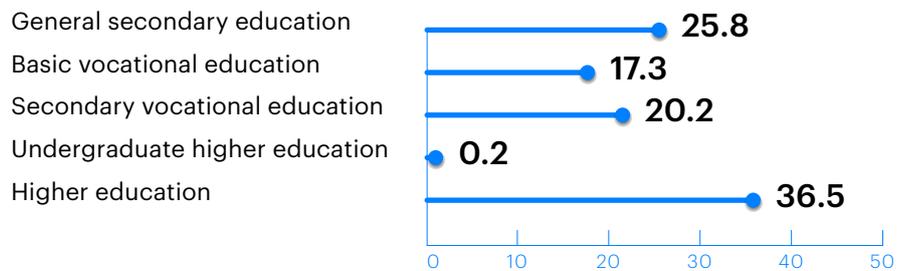
Group personnel structure by territory ¹, %



Headcount of the Group's foreign operations



Personnel structure by education, %



¹ Structure of salaried staff as at 31 December 2019.

Personnel structure by gender and category in 2017–2019¹

Category	Managers		White-collar employees		Blue-collar employees	
	Male	Female	Male	Female	Male	Female
2017	8,200	2,559	5,846	7,024	42,562	11,799
2018	8,017	2,639	6,047	6,911	40,502	10,810
2019	7,979	2,518	6,189	6,940	38,842	10,314

Personnel structure by gender and age, %

Age	Up to 30		30–50		Over 50	
	Male	Female	Male	Female	Male	Female
%	12.4	3.7	45.5	19.6	13.0	5.8

Key personnel turnover indicators 401-1

Indicator	2015	2016	2017	2018	2019
Employments	15,607	15,166	11,262	14,901	13,805
Employee inflow ratio ² , %	19.1	18.8	14.6	19.9	18.8
Separations	14,277	15,413	15,232	16,918	13,832
Employee turnover ³ , %	10.7	10.5	10.3	10.2	10.5
Voluntary turnover ⁴ , %	8.0	6.8	7.7	7.5	8.2
Employee outflow ratio ⁵ , %	17.1	19.2	20.0	22.6	18.8

¹ Unless otherwise specified, the indicators included in this report represent the Group's Russian operations.

² The ratio of new employments to total employment as at the end of the period.

³ The ratio of resignations, dismissals for breach of labour discipline, and negotiated terminations, to the average headcount for the year.

⁴ The ratio of all resignations to the average headcount for the year.

⁵ The ratio of all separations to total employment as at the end of the period.

The Company is a major employer in the Norilsk Industrial District and the Kola Peninsula and as such has a significant impact on these regions' labour markets. In hiring personnel, we assess all candidates based on their work experience, qualifications, and education. [103-2](#)

In 2019, the Company employed 551 new permanent staff members from other regions of Russia.

The share of top executives from among local communities was 98.9% across the Group's Russian companies in 2019. [202-2](#)

The share of employees from among local communities¹ was 99.7% across the Group's companies in 2019.

Strong employer brand

In 2019, Nornickel was named Russia's Best Employer by Forbes in their Global 2,000: The World's Best Employers ranking:

- **36th among the top 2,000 employers globally**
- **the only Russian company to make the top 100 list**

The Group was also named No. 1 employer in the metals and mining industry among students and industry professionals according to Universum's global ranking of the most attractive employers.

HeadHunter ranked Nornickel No. 4 among the top 100 best employers in Russia.

¹ Employees from among local communities refer to the workers who are residents of the country where the relevant Group company is incorporated.

Commitment to employee rights

Respect for employees and their rights lies at the heart of Nornickel's business.

The Company employees' working hours are set by internal labour regulations approved by the Company with due regard to the opinion of the trade union. The Company has a standard working week of 40 hours as determined by the applicable Russian laws and regulations. Employees involved in harsh, hazardous and/or dangerous work enjoy a reduced working week of not more than 36 hours. Women employed in the Far North and equivalent areas are accorded 36 hours of work per week unless reduced by Russian laws and regulations. The Company arranges for accurate time and attendance control for each employee.

Nornickel does not tolerate child labour in any form, including the involvement of minors below 18 in hazardous and/or dangerous work. The Company strictly complies with the applicable regulations prohibiting women's exposure to harsh and dangerous work in the mining industry.

At the same time, we provide our employees with equal opportunities to develop their professional potential. Employee performance is evaluated on a fair and impartial basis, and recruitment and promotion decisions are tied exclusively to professional abilities, knowledge, and skills.

The Company implements programmes for development and social support of its employees, upholding their rights in respect of social security, education, family welfare, shelter, freedom of artistic expression, and participation in cultural life.

Social partnership framework

Nornickel Group companies have a social partnership framework in place, which operates to reconcile the interests of employees and their employing organisations on matters pertaining to social and labour relations. The Company performs its obligations in compliance with the Labour Code of the Russian Federation, collective bargaining agreements, the interregional cross-industry agreement for copper and nickel producers and their supporting industries for 2019–2022, and joint resolutions. We also follow the Freedom of Association Policy approved by the Board of Directors. [102–41](#) [103–2](#)

In labour relations, employee interests are represented by social and labour councils and trade unions.

All the Group's major companies operating in the Norilsk Industrial District and Murmansk Region have in place social and labour councils representing workers. Chairs of the local councils make up the Social and Labour Council of MMC Norilsk Nickel and the Social and Labour Council of Kola MMC.

The Group companies have collective decision-making bodies representing the employer, employees and trade unions, including collective bargaining commissions, labour dispute commissions, social benefits commissions, social insurance commissions, health and safety commissions, social and labour relations commissions, etc.

The Trade Union of MMC Norilsk Nickel Employees, an interregional public organisation that includes territorial trade unions and trade unions of the Group companies, represents the Group's employee interests on the interregional level. The trade unions of transport and logistics divisions are members of the Yenisey Basin Trade Union of Water Transport Workers (Krasnoyarsk, Russia).

The Group companies are parties to 21 collective bargaining agreements covering 83% of the Group's average headcount. As at the end of 2019, 9.5% of all the Group's employees were represented by trade unions, while 79% were members of social and labour councils.

The absence of strikes and lockouts involving the Company's personnel testifies to the effectiveness of Nor Nickel's employee interactions and its social policy at large.

In order to develop interregional social partnerships, Interregional Cross-Industry Association of Employers "Union of Copper and Nickel Producers and Their Supporting Industries" and the Trade Union of MMC Norilsk Nickel Employees signed an interregional cross-industry agreement for copper and nickel producers and their supporting industries for 2019–2022. The agreement regulates social and labour relations between the employers who are members of the association and their employees and sets out common approaches to employee remuneration, compensation and benefits, work and rest schedule, health and safety, dismissals and other matters.

As at the end of 2019, the agreement applied to 22 Group companies, including MMC Norilsk Nickel, covering 89% of the Group employees.



Offices for operating, social and labour relations

In addition to the Corporate Trust Service, the Company has offices for operating, social and labour relations in place. They are primarily tasked with response to employee queries, control of their processing, and prompt resolution of conflicts. The offices regularly monitor the climate within the teams, enabling the Company to address any arising issues in a timely manner.

In 2019, the Group companies operating in the Norilsk Industrial District ran 24 offices that received some 40,000 queries from employees (74%), former employees (25%) and local communities (1%). They focused on social and working matters (75.4% of queries), legal matters (23.5%) and other topics (1.1%).

Development of digital platforms and services

In 2019, Nornickel launched a virtual assistant called Nika (a chat bot) — a convenient application for employees to get instant access to Nornickel's corporate information and services 24/7.

Our employees of all levels can use it on their mobile devices to view payslips for any period, check data on completed or upcoming business trips, request any employment-related or financial documents (such as employment confirmation letters, personal income tax (2-NDFL) statements or copies of employment history records), view holiday entitlement in days or the annual leaves schedule. Executives can also use the application to approve employees' business travel requests and expense reports.



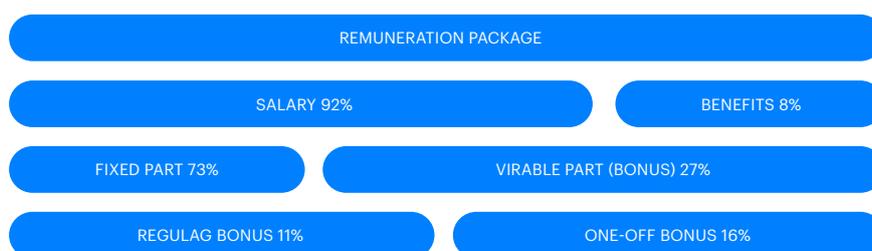
Incentives and rewards

Nornickel has a robust employee incentive programme with both financial and non-financial rewards designed to retain top talent and motivate our employees to enhance their performance and help drive the Company's business growth.

The use of financial rewards is governed by the Company's remuneration policy.

Nornickel's grading system is designed to maximise its return on investment in human capital and to attract, engage and retain top talent. Grading relies on the point factor method of job evaluation that takes into account knowledge and skills, the complexity of tasks, and the level of responsibility.

Remuneration package across the Group's Russian operations in 2019, %



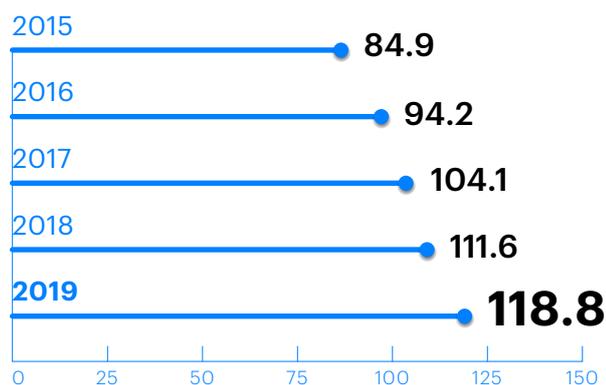
Remuneration policy goals

- Attract and engage talent
- Retain talent
- Promote a productivity mindset
- Ensure administrative efficiency and transparency
- Ensure compliance with legal requirements

Remuneration policy principles

- Internal equity — remuneration management is based on job description and evaluation in line with the existing grading system. Nornickel uses a uniform grading system covering all positions in the Company.
- External competitiveness — remuneration is set in line with the labour market data adjusted for the company's area of activity and location and depending on the job grade
- Performance-based incentives — pay level review is based on annual performance assessment
- Simplicity of the remuneration system — pay level calculation and review procedures are transparent, and every employee knows how to improve their remuneration.

Average monthly salary in Nornickel Group, RUB 'thousand



Key compensation indicators in 2019, by region 202-1

Region	Remuneration package, RUB 'thousand	Average monthly salary, RUB 'thousand	Share of regional payroll in total payroll, %	Minimum monthly compensation to statutory minimum monthly wage ¹ , %	Statutory minimum wage
Group average	—	118.8	—	—	—
Norilsk Industrial District (NID)	126.6	115.7	65.0	1.0	29,328
Kola Peninsula Industrial District (Murmansk Region)	104.1	86.2	12.2	1.0	25,944
Krasnoyarsk Territory (excluding NID)	68.8	58.4	2.3	1.0	11,280
Trans-Baikal Territory	101.6	97.3	3.8	1.22	16,920
Moscow and other regions ²	291.2	281.2	16.7	2.48	20,195

¹ Minimum wages paid by the Company are gender neutral.

² Data provided for Moscow only.

Corporate culture development

As part of its human resource strategy, Nornickel seeks to develop its corporate culture with a focus on improving efficiency, accountability and employee engagement.

To this end, we have set up change management teams across the Group companies to develop and implement action plans to improve their staff engagement. MMC Norilsk Nickel provides expert support to the teams, which includes regular training sessions, feedback, audits, and guidelines.

To increase awareness, ensure that employees are committed to the Company's goals and values, and improve trust between workers and leadership, the Company has been implementing a project focused on building a culture of dialogue between management and staff at all levels. In 2019 — the second year of the project — we held 30 corporate dialogue sessions, 35 communication skills training courses for managers, 270 informal meetings and a unique three-hour live stream Nornickel Live with the vice-presidents answering employee questions. In total, 5,500 people took part in these events in 2019.

Employee engagement and corporate culture workshops were included in the 2019 agenda of ten conferences in various functional areas as well as the curriculum of the Company's training programmes (Nornickel's Leaders, Pursuing Efficiency, IamHR) and enrolled over 1,000 employees.

In addition, every year, we implement a set of measures to drive employee engagement. They include a corporate employee engagement survey named "Let Everyone Be Heard" run by an international HR consultancy firm based on questionnaires and focus groups, which is followed by the review of the survey results, and implementation of improvement initiatives

The 2019 survey covered more than 30 Norilsk Nickel companies and was completed by 39,300 of the total 73,000 employees invited to participate. Its completion rate exceeding 60%, which means that the results of the survey are representative of the Group as a whole.



Based on the 2019 survey results, employee engagement across the Group grew by 6 p. p., with the highest growth of 10 p. p y-o-y achieved in the top management category.

The survey is followed by the review of the results and development and implementation of follow-up initiatives.

In 2019, over 850 such initiatives were introduced in order to improve employee engagement

Employee awards

To foster engagement and recognise employee achievements, the Company offers non-financial incentives and rewards of various categories and levels. These include government awards, ministry and agency awards, regional and municipal awards, as well as the awards granted by MMC Norilsk Nickel and the Norilsk Nickel Group companies.

The Company rewards employees for their outstanding performance, innovations that drive growth, add economic value or deliver meaningful efficiency gains for the Group or a Group company, and efforts that go beyond formal agreements and contribute to the Company's success.



The Company has a range of corporate awards designed to celebrate employee achievements. In 2019, the Award Policy introduced nine new special titles of honour:

- Best Young Talent
- Best Start of the Year
- Change Leader
- Best Health and Safety Head
- Best Health and Safety Line Manager
- Best Health and Safety Specialist
- Best Health and Safety Compliant Worker
- Best Inventor
- Corporate Life Leader

In addition to a corporate award, the employee receives a one-off bonus. MMC Norilsk Nickel's badge of honour, the highest corporate award, entitles its owner to a one-off payment, as well as a lifetime corporate pension.

The best employees may be nominated for agency (industry) and government awards. The Company welcomes the recognition of its employees' accomplishments by the government and its agencies and proudly nominates them for various awards to highlight their prodigious operational and management achievements, and significant contribution to production growth.

In 2019, a total of 3,696 Company employees were awarded, including 47 and 207 employees honoured with government and ministry/agency awards, respectively; 1,262 employees receiving awards from regional and municipal authorities; and 309 and 1,871 employees granted corporate awards by MMC Norilsk Nickel and the Group companies, respectively.



Personnel development

Training

We need to make sure that we have highly skilled and competent workforce to support the Company' production upgrades, onboard new technology and leverage innovations. This is why continuous training plays a key role in Nor Nickel's personnel development. [103-2](#) [404-2](#)

Our training programmes cover all functional areas and all employee categories.

MMC Norilsk Nickel has the Model Regulation on Professional Training in place, which the Group companies use as a basis to develop their internal training regulations.

The Group's employees can benefit from free staff training, retraining, skills improvement, and internship programmes funded by the Group companies. The Company engages external education providers (universities, professional development institutions, research institutes, training centres, and consultants), and also trains employees at its own corporate training centres. The Group's key training hubs are the Norilsk Nickel Corporate University (Norilsk) and the Kola Staff Development Centre (Monchegorsk), which provide training to more than 52,000 employees a year.

In April 2019, 54 managers completed the Nor Nickel's Leaders corporate development programme, which focuses on project work to improve process efficiency across the Company's business units based on lean manufacturing. Its results were presented by the programme participants to Nor Nickel's leadership as part of their last training module.

In September 2019, the Company launched Nor Nickel's Leaders 2.0 — the second course of the programme — in response to high demand both from the employees and business leaders. It welcomed 55 managers most of whom were selected through a competitive admissions process (three applicants per place for entry in June 2019).

In June 2019, we launched Pursuing Efficiency — a corporate development programme for middle management focused on training management skills, developing a leadership mindset, exploring tools for continuous improvement, and getting insights into people management practices. The 10-month programme is available in three cities, including Norilsk, Monchegorsk and Krasnoyarsk, and enrolls 139 employees.



The progress of all programme participants is monitored through the assessment of their activity and engagement levels in the classroom, commitment to completing homework between the modules, project work performance, participation in online training, and other criteria. A dedicated training portal can be used by the students to view the programme calendar, choose a convenient training session date, complete the task, chat with the trainer and other participants, and check their current rating.

In March 2019, Nornickel's lamHR corporate programme for the professional development of HR employees was completed by students. It was designed to strengthen HR management capabilities, improve interaction between business lines and HR functions, and introduce the most advanced solutions and best practices in HR management. The students used their takeaways from the programme to put together a Guide to Employee Management featuring a selection of efficient HR management practices and tools. Job interview and dismissal handling workshops were part of the corporate development programmes for managers. In October 2019, the Company launched a pilot lamHR regional training programme for HR specialists across the Group companies, starting with Kola MMC.

In addition, we also run a number of training programmes on corporate culture and organisational values covering all employees across the board.

Managers are offered an advanced hand-on workshop of corporate culture. In 2019, over 50 workshops were held and attended by more than 500 executives.

The programme translated into a much better alignment of employee behaviour with corporate values Group-wide, with a 1.5–2 times increase in average alignment revealed by the management team survey. 62% of the respondents agreed with the statement "Decisions of my direct supervisor are aligned with the Company's values" (a 7 p. p. increase y-o-y).

Our Values is the Company's training course designed to build a roster of in-house experts to provide training in corporate values and to roll out their expertise across the Group. Following a competitive selection of candidates, we had short-listed and trained 75 internal coaches, who subsequently held more than 400 Our Values sessions for over 10,000 employees.



Key personnel training indicators 404-1

Indicator	2015	2016	2017	2018	2019
Total training man-sessions, including training, retraining and skill improvement, thousand	63.1	70.0	95.0	87.5	90.8
• for blue-collar employees	35.3	37	54	43.3	40.5
• for managers	18.3	22	26	27.4	30.9
• for white-collar employees	9.5	11	15	16.8	19.4
Employees trained, thousand	—	—	46.3	44.0	40.4
Total training man-hours, thousand	5,824.1	5,666	6,630	4,508.7	4,655.9
Average annual training hours per employee trained	92.2	80.8	70	51.6	51.3
Average annual training hours per employee (based on average headcount)	71.2	69.8	85	60.2	64.0
• blue-collar employees	—	77.9	95	62.2	69.2
• managers	—	72.4	83	76.7	72.5
• white-collar employees	—	31.9	44	38.7	37.5
Training costs, RUB mln	669.1	760	896	1,022.2	1,101.9
Costs per employee trained, RUB	10,589	10,841	9,459	11,687	12,133

Talent pool

To ensure availability of highly qualified managerial personnel for the Group's operations, Nornickel relies on continuous professional development planning for its employees, builds a talent pool for leadership positions, trains and promotes pool members.

In 2019, the Company continued to roll out the talent pool management programme for junior and mid-level managers at its Norilsk site. Our Corporate University successfully implements a training and development programme for talent pool members and their mentors based on cutting-edge education technologies and a combination of classroom and online tuition. It has also put together a compendium of essential tools and techniques for talent pool members and mentors to help build and develop employees' leadership skills and support them along their career paths.

Professional development projects for target personnel categories

Target category	Project	Priorities	Coverage in 2019, thousand employees
Highly qualified workers	"Mentor Academy"	<ul style="list-style-type: none">Professional skills competitionsMentor trainingCorporate forum of mentors "Recognition"Participation of Nornickel's best workers in WorldSkills Russia, a skills competition	7.6
Line managers (foremen)	"Foreman University"	<ul style="list-style-type: none">Foreman of the Year contest and quizzes for foremen	4
Young employees aged 18 to 35	Movement of young professionals "Leader"	<ul style="list-style-type: none">Quizzes and contests of the NIKoNN intellectual game club"Creativity" (contests, festivals and team stand-up competitions)"Induction and Career Guidance" (support for young employees, meetings with school students)"Initiatives" (contest of projects to address social issues)"Leader of the Year", an annual competition for the most promising young talent teams	18

In 2019, our Norilsk site facilities continued the roll-out of the Talent Pool automated management system based on SAP HCM to boost talent pool management efficiency and enable data consolidation into a single database.

Over the year, Nornickel also launched a comprehensive succession planning programme for senior leadership roles at Polar Division, Kola MMC and other Norilsk site operations

Career guidance and recruitment of young talent

Nornickel actively connects with young graduates, students and schoolchildren as part of its leadership, internship and career guidance programmes designed to assist the Company in attracting the best talent.

Our key talent engagement initiatives include the Career Start internship programme, the Conquerors of the North case competition, and the First Arctic leadership programme.

We closely cooperate with higher educational institutions and have cooperation agreements in place with 25 universities across Russia.

The Company prioritises the following majors:

- underground (subsurface) ore mining;
- mine surveying;
- mineral processing;
- mining electrification and automation;
- mine and underground construction;
- industrial and civil construction;
- ground vehicles, hoisting/conveying and road machinery;
- mining machinery and equipment;
- power and electrical engineering;
- operation of transportation vehicles and systems.



In 2019, our Career Start programme welcomed 322 students who completed their field and pre-graduation internships at Nornickel's facilities, with 93 of them subsequently hired by the Company. During the year, 90 best students were on scholarships awarded by Nornickel.

In 2019, the Company launched its first-ever head office internship programme, inviting top Moscow-based students to take part in paid internships at its Moscow office. The programme showed a record high conversion rate ending in full-time employment for 78% of the interns.

Nornickel places a strong emphasis on promoting engineering education in Russia, helping to boost interest in engineering careers among young people. In 2019, we supported "Cup Technical" and "Metal Cup: Industry 4.0" — Russian and international case competitions among students of technical universities. They challenged students to develop solutions to business cases dealing with Nornickel's operations, giving them valuable insights into the Company's business.

Also, we run a number of career guidance initiatives for schoolchildren. They include Arctic.PRO R&D Winter School, Arctic Wave festival of R&D discoveries, IMake engineering marathon, School of Urban Competencies and the School Break educational project — all attended by over 29,500 schoolchildren annually.



Social policy

Nornickel Group offers its employees — many of whom work beyond the Arctic Circle — a wide range of benefits and social care support. They are provided on an ongoing and consistent basis, taking into account employee feedback. To make changes to the existing programmes, develop new ones or discontinue the programmes that have achieved their goals and objectives, the Company carries out a thorough and comprehensive review of the situation with due regard to its opportunities and the employees' interests.

The social package includes the following benefits and compensations:

- health resort treatment and vacation to employees and their families at subsidised prices;
- payment of return travel to and from a place of vacation for employees in the Far North and equivalent areas, and their families, including associated baggage fees;
- voluntary health insurance;
- one-off financial aid to employees experiencing certain major life events or hardships;
- additional employee pensions and other types of social benefits under the existing collective bargaining agreements and internal regulations.



Social expenses and benefits, RUB mln

		2019	2020
Indicator	Plan	Actual	Plan
Health resort treatment and vacations of employees and their families	1,969	1,907	2,011
Reimbursement of round trip travel expenses and baggage fees to employees and their families	3,269	3,150	3,474
Pension plans	1,220	953	1,174
Housing programmes	3,113	329	3,184
Relocation assistance to new employees	322	150	224
Social projects for employees (development of target categories, sporting events and holiday celebrations)	657	898	1,057
Voluntary health insurance ¹	808	753	986
Financial aid and additional benefits to retired and former employees and their families	260	178	274
Other payments and social expenses (healthcare services, severance pay, etc.)	1,371	1,259	2,080
Total expenses related to social programmes and benefits for employees	12,989	9,577	14,464

¹ Including personal accident insurance.

Health improvement programmes

The harsh climate of the Far North and the nature of operations at the Group's facilities require special care for the health of employees, putting health improvement and wellness programmes among the priorities of Nornickel's corporate social policy. For many years, the Company has been implementing programmes of rehabilitation and health resort treatment for its employees and their families.

Key health improvement programmes	Participants in 2018	Participants in 2019
Zapolyarye Health Resort (Sochi), including:	13,296	14,177
• joint programme with Rosa Springs Health Resort	2,270	3,655
Kolsky Health and Spa Centre (Monchegorsk)	1,693	1,692
Non-corporate health resorts, including:	2,071	1,305
• Rossiya and Belokurikha health resorts (Altai Territory)	582	755
• Primorie Holiday Centre (Gelendzhik)	0	496
• other non-corporate health resorts	1,489	54
Vacations for children (including Anapa and Bulgaria)	1,391	1,418
International vacation programme (Bulgaria, China)	6,180	5,502
Total participants	24,631	24,094

In 2019, an average participant contribution amounted to **3.04%** of the employee's salary or the Company's monthly average of RUB **3,500**.

Co-Funded Pension Plan Programme 201-3

Nornickel's employees are offered an opportunity to join the Co-Funded Pension Plan, a corporate private pension programme. As at the end of 2019, it covered 12,300 employees across 22 Group companies, with over 5,500 retirees already receiving pensions.

The programme provides for two pension plans: Parity and Corporate. Under the Parity Plan, pension savings are co-funded by the employee and the Company on a par (equal) basis. The Corporate Plan is designed for highly skilled employees and/or employees with highly sought-after occupations; within this plan, Nornickel finances private pension plans for such employees

Participants of the Co-Funded Pension Plan, by region

Indicator	2019 Plan	2019 Actual	2020 Plan
Total participants	15,473	12,304	13,895
Norilsk Industrial District (NID)	12,688	9,972	11,103
Kola Peninsula Industrial District (Murmansk Region)	2,760	2,313	2,767
Moscow and other regions of Russia	25	19	25

Co-Funded Pension Plan highlights

Indicator	2019
Total Company costs, RUB 'thousand	491,472.1
Participant's contribution	
Average contribution per participant, % of wages	3.06
Average monthly contribution per participant, RUB thousand	3.5
Company's contribution under the Parity Plan	
Average contribution per participant, % of wages	3.04
Average monthly contribution per participant, RUB thousand	3.5

Housing programmes

In 2019, Nornickel continued implementing a combined Our Home / My Home corporate social programme.

It covers employees of Polar Division, Polar and Murmansk Transport Divisions, Kola MMC and 20 more Group companies operating in Norilsk, the Taimyrsky Dolgano-Nenetsky Municipal District and the Murmansk Region. Since the start of the programme, 3,826 apartments have been provided to the Company's employees. To do so, Nornickel purchases ready-for-living apartments in various Russian regions at its own expense and provides them to eligible employees under co-financing agreements. The Company pays up to a half of the apartment cost (but in any case no more than RUB 3 mln), with the rest paid by the employee within a certain period of employment with Nornickel Group (from five to ten years). The cost of housing remains unchanged for the entire period of the employee's participation in the programme. Property titles are registered at the end of the employee's participation in the programme, but the employee may move in immediately after receiving the apartment.

In 2019, Nornickel launched Your Home — a new housing programme based on similar arrangement as the Our Home / My Home programme, i.e. payment by instalments and up to a half of the apartment cost (but no more than RUB 3 mln) covered by the Company. The only difference is that the title to Your Home properties is registered right after the purchase but is burdened with a lien to be held by the seller until the employee fully pays up the entire cost of the apartment and their participation in the programme ends. The apartments are purchased by the Company in the Moscow and Tver regions and the city of Yaroslavl and allocated to employees after their commissioning upon completion of construction.

Nornickel also runs the Corporate Social Subsidised Loan Programme aimed at providing interest-free loans to the Company's employees to make a down payment and reimbursing a certain share of interest on their mortgage loan. Overall, more than 400 employees have taken part in the programme since inception.



Support to new employees

Nornickel provides orientation support to newly employed staff relocating to Norilsk and the Taimyrsky Dolgano-Nenetsky Municipal District, including young specialists, workers, engineering staff and managers.

It also offers them financial assistance and reimburses relocation expenses, baggage fees, and living costs for the first three years. On top of that, the Company also pays a one-time relocation allowance to support employees at the new place of work.

With 352 employees joining the relocation support programme in 2019, it now has a total of 1,512 participants.

Sporting and mass public events programme

«Nornickel promotes sports and a healthy lifestyle to recharge the corporate team spirit and maintain a positive work environment. It organises sporting events and competitions attended by its employees, their families, and the local community.

We team up with various sports federations, which in turn contribute to the development of sports in the regions where the Company operates by providing training support (for coaches and instructors), giving master classes, and promoting a healthy lifestyle.

The events run by the Company include the annual Polar Division Olympics, Kola MMC Olympics, Norilsk Nickel Ski Track health marathon, “Dad, Mum and I — a Sporty Family” corporate competition, swimming, ice hockey, futsal, volleyball, basketball, alpine skiing, snowboarding competitions, and sport events dedicated to the Metallurgist Day and other high days and holidays.

To promote amateur hockey, Norilsk hosted the Night Hockey League in the 2019/2020 season, with 10 teams comprising Nornickel employees among the participants.

In 2019, about 30,500 employees and local residents took part in the corporate mass sports events, spartakiads and sports initiatives held by the Group companies.



Support of employees with disabilities

The Company makes efforts to recruit people with disabilities in line with the requirements of the Russian law and ensures necessary working conditions, including work and rest schedule, annual and additional paid leaves, and specialised workspace equipment.

As per the employment quotas that vary depending on the region and company size, the share of such employees may come up to 2% of the average headcount.

Programmes supporting former employees and their families

The ongoing support of its former employees is part of the Company's corporate social policy.

The Company's Veterans programme has been designed to support unemployed pensioners who permanently reside in Norilsk. The terms of participation depend on the employee's length of service or permanent disability status. Financial aid is paid from the charitable contributions made by the Company.

The former employee financial aid programme establishes the amount of the benefit paid upon retirement by reference to the employment period.

The Pensioner Financial Aid Fund grants financial aid to former employees who retired prior to 10 July 2001 provided they had been employed by the Company's units for more than 25 years and permanently reside outside of the Norilsk Industrial District. The Fund relies on voluntary monthly contributions from employee salaries and equal charitable contributions from the Company's budget.

The Company also provides targeted assistance to its former employees and their families to pay for health improvement and medications, funeral services, and helping in financial distress.



Improvement of social and working conditions

At Nornickel, we place a strong emphasis on improving the living and working conditions of our people and strive to create a comfortable working environment. The Group companies operate more than 2,200 sanitary, amenity, sports and fitness, catering, healthcare, and recreational facilities with a total area of over 350,000 sq m.

From 2003, the Group has been implementing the programme to improve social and working conditions. Since its launch, we have overhauled 279 social facilities and purchased 419 relocatable buildings, investing a total of RUB 5,539.1 mln¹.

In 2019, the programme covered nine divisions and Group's Russian companies located in Norilsk, the Taimyrsky Dolgano-Nenetsky Municipal District and the Murmansk Region. They completed the overhaul of 26 social facilities, including 3 catering facilities, and purchased 11 relocatable buildings to be used by employees to change, warm up and take meals. The Company renovated a total 7,484.5 sq m and improved social and working conditions for more than 2,800 employees. Total costs amounted to RUB 662.9 mln, including RUB 557.5 mln invested in design and overhaul, and RUB 105.4 mln spent on equipment.

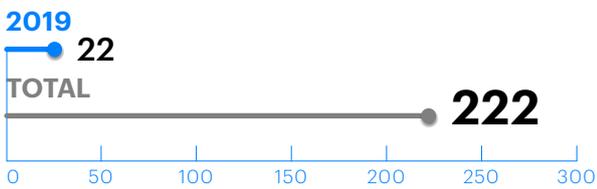
¹ All financial metrics in this report include VAT.

From 2020, the programme is expected to see a considerable increase in financing, with additional funds allocated to the repairs of both social facilities and common use areas (entrance checkpoints, entrance groups, halls, flights of stairs, corridors). To create a comfortable working environment for our people, we are now developing a single exterior and interior design concept that will be implemented throughout our production facilities from entrance checkpoints to the individual workplaces. Planned overhauls will cover over 80 social facilities.

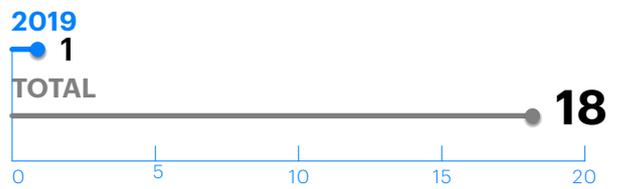
The programme is planned to be implemented in three-year periods and is estimated to cost more than RUB 4 bln over the course of 2020–2022. During this time, the Company expects to repair and equip over 250 social facilities.

Social support to employees facing redundancies due to closure of production facilities

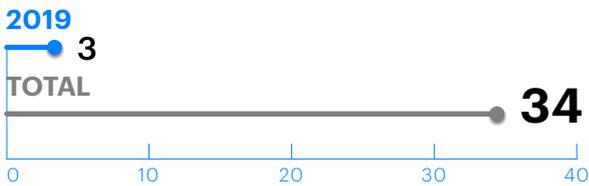
Sanitary and amenity



Sports and wellness



Catering



Other



Social support to employees facing redundancies due to closure of production facilities

In late 2019, the Group decided to shut down its smelting facilities in the town of Nickel on the Kola Peninsula with a view to ensuring compliance the environmental regulations and improving environmental conditions in the Pechengsky District of the Murmansk Region.

The smelting production closure will affect 660 employees of Kola MMC (Smelting Shop and support services) and Pechengastroy.

In December 2019, Nornickel developed a programme of social support for the smelting operations personnel facing redundancies, making the commitment to support them in relocating to a new place of residence, retraining, and further employment. This commitment was agreed with the Social and Labour Council and trade union organisations of Kola MMC and Pechengastroy.

In addition, in 2020 the Company will launch its dedicated Nornickel Employment Centre that will focus on providing comprehensive support to the workers facing redundancy due to the smelting operations closure (including information, consulting, and career guidance support) and cooperating with the divisions of Nornickel Group, regional authorities and employers in the Murmansk Region on employment opportunities for its redundant workers.

Any staff-related measures will be taken in compliance with the requirements of labour and employment legislation and our social support program.



Key social support programme benefits

1. Employees re-employed by other Nornickel Group's companies shall be entitled to:

- reimbursement of rental costs associated with relocation to another city;
- retention of the salary level achieved by the time of being made redundant (for a calendar year);
- reimbursement of the cost of relocation for the employee and their family;
- reimbursement of associated baggage fess;
- priority right to participate in the Group's subsidised loan programmes with a view to purchasing housing at the new place of work;
- training / retraining / certification of qualifications for a new occupation/role at the cost of the Company;

2. Employees made redundant shall be entitled to:

- severance payment of six months of their average salary (as well as additional payments for retired employees, socially disadvantaged categories of workers and participants in the Succession Programme);
- early eligibility to a corporate pension for participants of corporate pension programmes subject to their eligibility to a pension based on old age, disability or long service;
- reimbursement of the cost of relocation for the employee and their family;
- reimbursement of associated baggage fess;
- financial assistance in purchasing housing under the Our Home /Your Home programmes;
- retention of the VHI policy for a calendar year from the date of dismissal.

3. The Succession Programme, which provides for the training of the employee facing redundancy by another Company employee who has reached the retirement age, with the payment of severance pay to the mentoring employee upon the training completion.



Occupational health and safety

Occupational health and safety is one of Nornickel's strategic priorities. As a company engaged in mining, concentration and smelting operations, running many hazardous production facilities, and using various hazardous substances in its processes, we are aware of our responsibility for life and health of production workers, both our own and those employed by contractors.

Nornickel's Occupational Health and Safety Policy gives precedence to the life and health of employees over operational performance while also demonstrating the Company's commitment to creating a safe and healthy environment and fostering sustainable employee motivation for safe workplace behaviour.

Zero work-related fatalities and an ongoing reduction in overall workplace injuries are the Company's key strategic priorities in OHS.

Health and safety management

Occupational health and safety (OHS) at Nornickel is governed by Russian laws, international regulations and standards, and internal policies and regulations. [103-2](#)

OHS regulations:

- Applicable Russian laws aligned with international laws, including conventions of the International Labour Organisation
- Occupational Health and Safety Policy
- Occupational Health and Safety Strategy
- Corporate OHS standards (16 in total)
- OHS sections in collective bargaining agreements for the Group's Russian operations
- Regulations and guidelines for all production processes
- Project implementation plans and specifications for repair, construction and installation works
- Health and safety guidelines for specific jobs and types of work at all of the Company's facilities

Occupational health and safety responsibilities are allocated among Nornickel's various governing bodies and business units in line with their terms of reference.

Governing body	Responsibility
Board of Directors	<ul style="list-style-type: none">determining the Company's priorities and approving the OHS plansmonitoring the Company's OHS performance on a quarterly basis
First Vice President and COO	<ul style="list-style-type: none">organising and coordinating OHS activitiesreporting to the Board of Directors
HSE Committee	<ul style="list-style-type: none">improving the efficiency of OHS organisation and prevention initiativesstrengthening managers' and experts' responsibility for creating a healthy and safe working environmentassessing the efficiency of OHS initiativesimproving the OHS management system
HSE Department	<ul style="list-style-type: none">developing OHS initiatives and monitoring compliance with the applicable legislation

Contractor safety management 103-2

Contractor operations (repair, construction and installation works at the existing facilities) are classified as high-hazard and governed by the respective corporate standard. Work permits, operations certificates and work execution plans (process sheets, guidelines, etc.) must contain safety requirements to be met when organising and performing work. The Company checks compliance with these requirements during each shift.

Prior to commencement of work, contractors' staff receive pre-job and ad hoc health and safety briefing, including security measures set forth in work execution plans.

In 2018, Nornickel developed and introduced a dedicated standard to improve control and safety of work performed by contractors at its facilities. The standard sets out relevant requirements applicable to contractors at the selection stage and onwards. In 2019, we consistently implemented it and monitored compliance with its requirements. In particular, we held joint inspections of compliance with safety requirements at work, and OHS council (committee) meetings involving contractor representatives. In case of failure to comply with OHS requirements, contractors were fined. The total amount exceeded RUB 11 mln in 2019.

Occupational health and safety certification

As at the year-end 2019, the Group's key production facilities were OHS certified.

In 2019, the Company began preparing for OHS certification for ISO 45001:2018 Occupational Health and Safety Management System. As part of the preparations, we held external diagnostic audits, workshops for the top management and managers of different functions, as well as master classes on audits of occupational health and safety management systems, with practical training sessions for internal auditors hosted by our production sites. In addition, we developed a new Regulation on the Company's Health and Safety Management System taking into account the requirements of ISO 45001:2018, and the certification authority conducted a preliminary audit of the H&S system documents.

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

OHS system development and mitigation of key risks

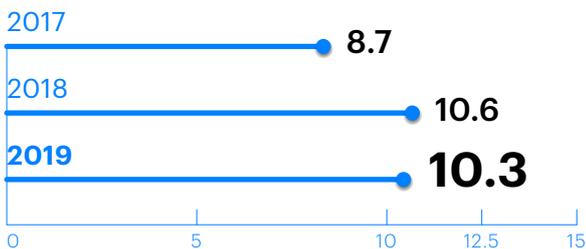
As part of our strategic goal to reduce the occupational injury rate, the Company seeks to continuously improve the elements of its occupational health and safety framework.

The reporting year saw the Company continue implementing an automated system for OHS process management monitoring that was put on stream in Polar Division, Bear Creek and Norilsknickelremont. In 2020, it is expected to be rolled out across a number of transport, supply and fuel subsidiaries. The system is based on a modern (proactive) risk management model that provides for active identification of hazardous factors in existing technological processes and analysis of root causes of accidents and enables:

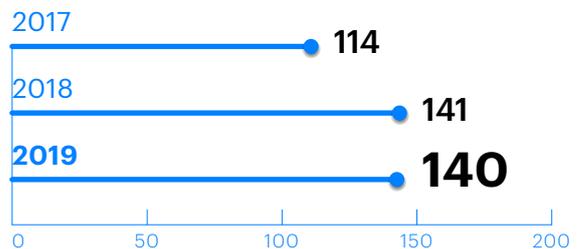
- reflection of real working conditions and processes, identification of the most significant risks in terms of safety for each of production operations and working areas;
- identification of materialised and potential risks during registration and investigation of incidents, and accounting for violations and discrepancies;
- prevention of possible incidents based on the retrospective analysis of risks and previous hazardous situations, accidents, incidents;
- planning, control and evaluation of the effectiveness of risk mitigation measures.

Health and safety expenses

Health and safety expenses, RUB bn



Health and safety expenses per employee, RUB '000



As part of a Technological Breakthrough programme launched to improve production efficiency and safety, the Company has also introduced or is at the final stage of implementing:

- radio and positioning systems that control and accurately locate employees and equipment in underground mines;
- 3D VR simulators for training and skill control, including in health and safety;
- remote control of stationary equipment, which reduces the number of people in hazardous areas;
- mining supervision and control projects designed to provide real-time information about mining operations, identify deviations and take preventive measures.

To improve the safety of mining operations, in 2019 Nornickel actively rolled out solutions to minimise manual labour in unsupported areas of the mine, and implemented new methods of temporary and protective anchorage support in mines. Also in 2019, the Company installed additional protection for special-purpose machinery used for lifting workers in the process of underground capital construction and mine preparation works, and installed additional structures to prevent employees from falling from heights.



Provision of personal protective equipment

As the Group's employees are exposed to hazardous and harmful workplace factors (underground work, operation and maintenance of mining equipment and heavy self-propelled vehicles, extreme climate, etc.), it provides them with personal protective equipment (PPE) in addition to implementing technical and organisational safety measures. [403-3](#)

To supply comfortable best-in-class PPE in line with the corporate standard, the Company's production sites run preliminary tests on PPE, including the most advanced equipment from leading manufacturers.

To effectively monitor safe working behaviour, the Company makes employees with a track record of up to three years wear red helmets with the word "Warning" and protective clothing with "Warning" badges.

In 2019, the Group purchased personal protective equipment for a total of RUB 2,399 mln, or RUB 39,000 per employee provided with the free PPE, including RUB 914 mln, or RUB 50,000 per employee spent by MMC Norilsk Nickel.

Employees working in contaminated conditions are supplied with wash-off and decontaminating agents free of charge.

Special assessment of working conditions

In 2019, the Company carried out a special assessment of working conditions at Polar Division, Bear Creek, Pechengastroy, GRK Bystrinskoye, NTEC, Norilskgazprom, and at other production facilities, in accordance with the Federal Law On Special Assessment of Working Conditions. It covered more than 12,000 workplaces and over 22,000 employees, with expenses across the Group standing at around RUB 13 mln, including over RUB 3 mln for MMC Norilsk Nickel.



Prevention of occupational diseases

To prevent occupational diseases, Nornickel exercises regular health monitoring of personnel. Employees undergo compulsory pre-employment, regular and ad hoc medical examinations and check-ups organised at the Company's expense. Those that have contact with hazardous materials are subject to additional examinations held at least once in five years by occupational pathology centres or other organisations authorised to conduct pre-employment and regular check-ups. These serve to assess occupational health fitness and determine if the disease is job-related.

In 2019, the Group's costs related to medical examinations and maintenance of medical aid posts amounted to RUB 294 mln and RUB 247 mln, respectively.

The Company's facilities have their own medical aid posts to perform pre-shift and pre-trip check-ups and provide medical assistance to employees upon request.

To automate the pre- and post-shift check-up process, the Company implements an electronic health check-up system. It was put into operation at Polar Division, Kola MMC, GRK Bystrinskoye, and Norilskgazprom.

The Company put in place contactless breath alcohol screening devices to prevent intoxicated employees from accessing production facilities. The devices are running at Polar Division (mines, Copper Plant), Bear Creek, GRK Bystrinskoe and Norilsk Production Support Complex.

The Company provides employees working in harmful and hazardous conditions with free foods, milk, and other equivalent food products for therapeutic purposes in compliance with the applicable Russian legislation and corporate policies. In 2019, food and milk costs across the Group amounted to RUB 1,194 mln.

In case of hazardous production factors identified as part of a special assessment of working conditions, the Company provides affected employees with free personal protective equipment, including respiratory protection (respirators, gas masks), hearing protection (earmuffs, earplugs), eye protection (glasses/goggles with UV filters, visors), skin protection (gloves, protective and regenerative creams, protective outwear).



OHS control and prevention

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

- second-party OHS management audits (cross-company audits of the Group companies involving the OHS heads and experts from other Group companies); in 2019, we conducted 81 cross-company OHS audits, a twofold increase year-on-year;
- internal OHS management audits;
- OHS monitoring at each facility, including multi-phase production site control and ad hoc, targeted and comprehensive OHS inspections;
- safety behaviour audits;
- compliance and certification audits as part of the OHSAS 18001 management system;
- independent external audits of the OHS management system and occupational safety culture

Starting 2019, the Company holds the Engineer's Day. During the event, senior managers of the production companies and divisions are engaged in issuing work orders by line managers, and assess the quality and completeness of pre-work briefing, control and prevention work, including safety behaviour audits, and line managers' communication with their subordinates.



Health and safety performance indicators for accident prevention

Indicator	2014	2015	2016	2017	2018	2019
Audits conducted:						
by health and safety committees (thousand)	> 33	> 33	> 31.5	> 30.8	> 30.9	>29.8
Target audits conducted by managers, senior specialists and committees of the Group's facilities and business units (thousand)	7.7	8.4	6.8	8.7	9.7	9.6
Ad hoc audits (thousand)	6.3	8.1	8.8	15.3	15.7	15.5
Comprehensive audits of health and safety and relevant management systems	160	163	167	221	149	126
Coupons removed from the books of employees violating health and safety requirements (thousand)	4.4	3.9	3.4	2.9	2.2	1.8
Employees subject to disciplinary action for the violation of health and safety requirements (thousand)	6.9	8.3	8.8	7.9	6.8	6.3
Employees with reduced bonus payments (thousand)	> 14	> 15	> 15	> 13.6	> 13	> 11.9
Total reductions (RUB mln)	> 67	> 56	> 55	> 74	> 70	> 69
Employees incentivised for health and safety involvement and lower workplace injury rate as per the audit results (thousand)	> 5	> 9	> 5	> 5.6	> 6.4	> 6.5
Total rewards (RUB mln)	> 35	> 78	> 51	> 41	> 52	> 57

Health and safety competitions

In 2019, we launched team and individual competitions in occupational health and safety in line with the newly developed HSE standard. Team competitions were held across seven groups of Nornickel's production facilities.

Results of individual competitions were announced with the following awards granted:

- Best Health and Safety Head;
- Best Health and Safety Line Manager;
- Best Health and Safety Specialist;
- Best Health and Safety Compliant Worker.

The Company also runs an ongoing Safe Work communications programme. In 2019, it focused on:

- media support of key OHS initiatives;
- demonstration of the management's commitment to occupational safety (media publications, management meetings with employees);
- updating OHS information on the corporate portal;
- covering OHS competitions and announcing the best OHS manager, expert, and workplace;
- making employees aware of the existing OHS situation in the Company, accidents, investigations, and actions taken.



Engagement of employees in safety management 403-1

Most of the Group companies have in place joint health and safety committees (councils) made up of the management, employee and trade union representatives. The Group companies operating such joint committees employ over 66,800 people (around 91% of the Group's total headcount).

Authorised representatives of trade unions and staff in occupational health and safety (1,026 employees) were elected to participate in preventive activities across the Group's production units. In 2019, they took part in over 22,000 audits and submitted more than 7,000 health and safety improvement proposals.

Health and safety topics covered in formal agreements with trade unions

403-4

The Group and most of its production companies entered into collective bargaining agreements with employee representatives (including trade union organisations). The collective bargaining agreements contain relevant occupational health and safety provisions and cover over 62,000 of the Group's employees (approximately 84% of the Group's total headcount).

OHS training

One of the key strategies to increasing occupational safety is improving OHS qualifications of staff. To this end, Nor Nickel organises regular briefings on and training courses in occupational health for its employees.

In 2019, OHS pre-certification briefing, basic training and certification covered 33,000 employees of the Group, including more than 11,000 from MMC Norilsk Nickel. The Group's health and safety training expenses exceeded RUB 86 mln, including RUB 45 mln spent by MMC Norilsk Nickel.



Polar Division, Polar Construction Company, Kola MMC, Norilsk-Taimyr Energy Company, Norilsknickelremont, Bear Creek, Norilsk Production Support Complex, and Pechengastroy use comprehensive Pre-Shift Examiner systems designed to test and consolidate the knowledge of applicable safety requirements for different disciplines. Employees are required to pass a test before starting their work shift.

In 2019, we redesigned a dedicated induction OHS training course for new employees and employees with a track record of up to three years (according to the new corporate standards and methods of OHS risk identification, assessment, and management). In 2019, 3,422 employees completed training programmes.

Opportunities to improve OHS qualifications are offered to managers and specialists, with Norilsk Nickel Corporate University holding dedicated workshops with contributions from an external consultant. Another notable educational workshop was held in April 2019 in Sochi as part of the Russian Health and Safety Week. It covered the production system, lean manufacturing and 5S methodology.

Nornickel also actively develops interactive training. In 2018, we introduced dedicated interactive training courses for six mining jobs (LHD operator, hole driller, production face miner, electric locomotive driver, blaster, tippie operator) in order to provide health and safety briefings. In 2019, we developed and launched another six modules (crusher operator, conveyor operator, slinger, electric and gas welder, dock operator, furnace operator).

Workplace injuries

The Group's Health and Safety Strategy, which was reviewed and approved by the Audit Committee of the Board of Directors in 2014, lays out plans to reduce production-related accidents in absolute terms every year, pursuant to Russian labour laws.

Bringing fatal production-related accidents down to zero is one of the strategic objectives to be reached in the course of implementing the Health and Safety Strategy.

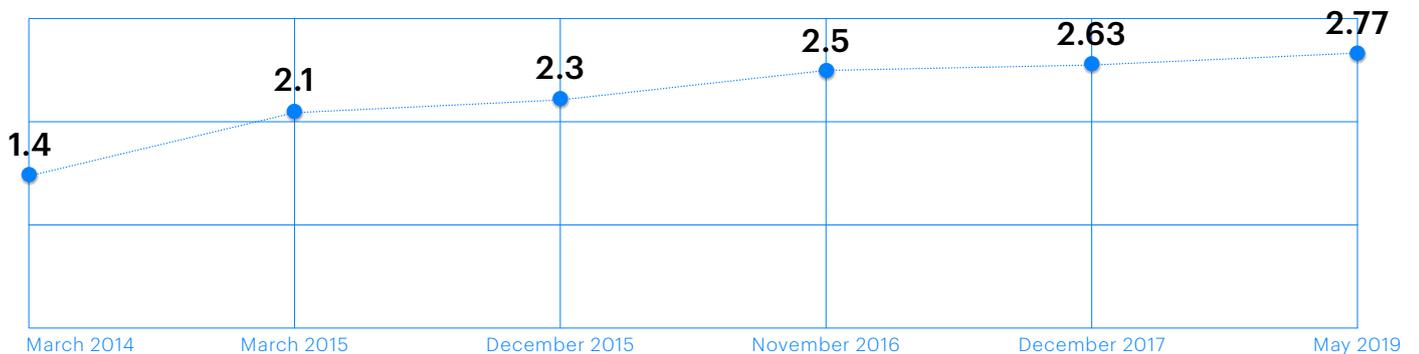


In 2019, the Company failed to improve its LTIFR due to increased number of accidents reported by Norilsknickelremont (from 1 to 6), Pechengastroy (from 1 to 3) caused also by reallocation of equipment maintenance and repair responsibilities within the Group, and by GRK Bystrinskoye (from 1 to 4) as part of its ramp-up. Nonetheless, workplace injury rates in 2019 were still below the industry average and the Company average for the last five years.

All workplace accidents are investigated in accordance with applicable Russian laws. Investigation results serve as a basis for developing measures to be taken promptly to eliminate the root causes.

In order to define priority paths for further improvement of the corporate health and safety management system and mitigate injury and accident risks across Nornickel's key assets, an independent company has been assessing the level of the Company's industrial safety culture every year since 2014. During the six years, our safety culture level (a Bradley Curve indicator) improved from 1.4 to 2.77. Improvements in the safety culture metrics were driven by greater personnel involvement in occupational health and safety, OHS leadership exemplified by the management, and stronger risk assessment and management expertise.

Safety culture maturity (Bradley Curve)



Fatalities by accident and work type in 2019 403-2

By type	Number of cases
Total workplace fatalities across the Group	9
by accident type:	
Falling from a height	1
Moving objects	2
Extreme temperature related injuries	1
Explosion	1
Other	4
by work type:	
Mining	5
Repair and maintenance	2
Other	2

Key workplace injury indicators

Indicator	UoM	2015	2016	2017 ¹	2018	2019
FIFR		0.12	0.11	0.08	0.05	0.08
LTIFR		0.62	0.35	0.44	0.23	0.32
Total workplace injuries as per Russian labour laws	No.	88	56	61	32	44
Fatal workplace injuries	No.	14	13	9	6	9
Minor injuries	No.	411	719	719	1,043	1,000
Potentially dangerous incidents	No.	976	1,845	1,711	2,270	2,219
Occupational diseases	No.	271	339	361	318	290
Total workplace accidents among the contractors' employees engaged across the Group's sites, as per Russian labour laws	No.	19	17	16	19	9
• including fatalities	No.	5	7	1	2	1

¹ According to the court ruling, a fatal accident that took place back in 2017 was registered in 2019 (thus increasing FIFR, a fatal-injury frequency rate.).

Emergency preparedness

The Group operates over 300 hazardous production facilities, and uses various hazardous substances in its processes. These facilities comply with Federal Law No. 116-FZ On Industrial Safety of Hazardous Production Facilities dated 21 July 1997 ("Federal Law No. 116-FZ"), and ensure preparedness for emergencies, including emergency containment and response.

The underlying document for emergency containment and cleanup plans is the Regulation on Containment and Elimination of Accident Consequences at Hazardous Production Facilities approved by Resolution No.730 of the Russian Government dated 26 August 2013. They are approved by heads (deputy heads) of production units that operate such facilities, and heads of regional emergency rescue services and units.

The plans are reviewed and approved in a timely manner, their effective periods being:

for underground mining facilities	6 months
for open-pit mining and concentration facilities	1 year
for hazard class 1 facilities ¹	2 years
for hazard class 2 facilities ¹	3 years
for hazard class 3 facilities ¹	5 years

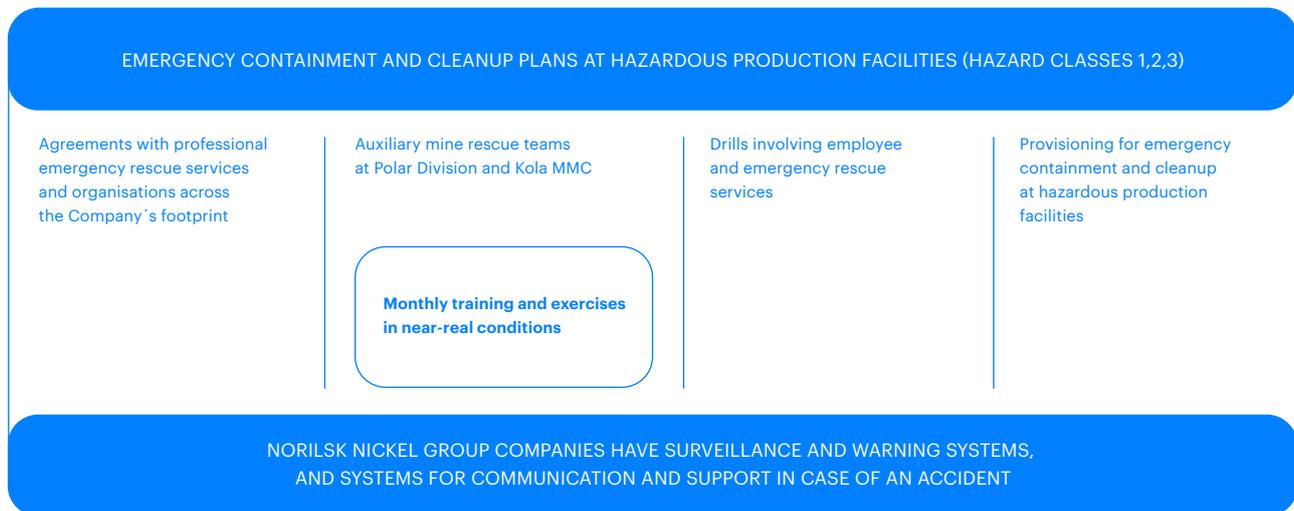
¹ Excluding facilities specified in the first two lines of this table.

In order to ensure readiness for containment and cleanup at hazardous production facilities, Polar Division signed contracts with a professional mine rescue unit for mine rescue services and the maintenance of auxiliary rescue teams' equipment. Auxiliary mine rescue teams were set up at Polar Division's and Kola MMC's hazardous production facilities (hazard classes 1 and 2) engaged in underground mining operations, as required by Federal Law No. 116-FZ and the Procedure for Establishing Auxiliary Mine Rescue Teams approved by the EMERCOM's order No. 765 dated 29 November 2013.

MMC Norilsk Nickel provisions for emergency containment and cleanup at its hazardous production facilities (with Polar Division allocated RUB 50 mln, Kola MMC – RUB 20 mln, and Norilsk Production Support Complex, Bear Creek, GRK Bystrinskoe – RUB 5 mln each).

The Polar Division, Bear Creek, Norilsk Production Support Complex, GRK Bystrinskoe and Kola MMC hazardous facilities put in place surveillance, warning, communication and support systems to be fully prepared for emergency containment and cleanup. Mines are equipped with radio and positioning systems for employees, and telemetry systems for underground machinery to track their locations. Hazard class 1 and 2 facilities operate local emergency warning systems.

Emergency preparedness system at hazardous production facilities



Anti-corruption

UN Global Compact Principles

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

We are consistently building our anti-corruption and compliance framework based on zero tolerance to any form of corruption.

Preventing and fighting corruption

Our success and ability to deliver on strategic goals are contingent on the trust of shareholders, investors, partners, employees, government and other stakeholders. [103-2](#)

Nornickel's underlying document in this area is the anti-corruption policy that applies to our representatives and contractors, including foreign public officials and officers of international public organisations. The respective anti-corruption responsibilities are stipulated in agreements made with contractors or expressly provided for by the applicable laws.

Russian companies in Nornickel Group adopt and implement their own anti-corruption regulations in line with the Company's anti-corruption policy.

We take all the necessary and reasonable steps to ensure our foreign operations comply with the key principles and requirements of the anti-corruption policy.

Our anti-corruption initiatives are regularly covered in corporate press releases. We update the Preventing and Fighting Corruption page on our corporate website at <https://www.nornickel.com/sustainability/anti-corruption/> on an ongoing basis. The page contains information on anti-corruption regulations adopted, measures taken, preventive mechanisms introduced, legal training sessions organised and law-abidance initiatives held for staff and counterparties.

From April 2019, all new employees have received an induction anti-corruption briefing.

We also train our people in basic anti-corruption measures. When recruited, all employees are required to familiarise themselves with the corporate Anti-Corruption Policy and related by-laws, and sign an addendum to their employment contract that sets out anti-corruption responsibilities. [205-2](#)

Additionally, we have created a specially designed e-learning course on preventing corruption. As at the end of 2019, 100% of employees were made aware of the Group's existing corruption prevention policies. In 2019, the dedicated training on the requirements and provisions of the corporate anti-corruption regulations covered 3,968 people.

We assess corruption risks on an annual basis, conducting quarterly risk monitoring. In 2019, the assessment covered 78% of our business units.

[205-1](#)

Through the efforts of our representatives, we take an active part in developing and implementing domestic and international policies on combating corruption. Andrey Bugrov, Nornickel's Senior Vice President, is the Company's top executive in charge of anti-corruption practices. He holds membership in a number of Russian and international organisations that supervise this area, in particular:

- Expert Council of the Presidential Anti-Corruption Directorate;
- B20's anti-corruption task forces;
- Expert Council on Corporate Governance at the Russian Ministry of Economic Development;
- Russian Union of Industrialists and Entrepreneurs (as a representative engaged in groups and committees of the Business and Industry Advisory Committee to the OECD (BIAC): the Anti-Corruption Task Force and the Corporate Governance Committee).

Preventing and Fighting Corruption at Nornickel

REGULATION

- Anti-corruption laws of the Russian Federation and other countries where the Company operates
- Applicable international laws
- Anti-Corruption Charter of the Russian Business adopted by the RSPP
- Anti-Corruption Policy of MMC Norilsk Nickel
- Business Ethics Code
- Directors' Code of Corporate Conduct and Business Ethics
- Regulation on the Prevention and Management of Conflicts of Interest in the Company
- Regulation on the Conflict of Interest Commission
- Regulation on Business Gifts
- Standard anti-corruption agreement (appendix to the employment contract)
- Procedure for Anti-Corruption Due Diligence of By-Laws Adopted by the Head Office of MMC Norilsk Nickel
- Information Policy Regulation, etc.

RESPONSIBILITIES

- **Board of Directors** — determining key strategic anti-corruption priorities and overseeing their implementation
- **President** — organising measures to ensure that the requirements and principles of the anti-corruption policy are met
- **Corporate Relations Department** — identifying and documenting risks related to corruption; developing and controlling risk management measures.
- **Corporate Trust Service** — providing prompt response to reports of violations, abuses and embezzlement
- **HR Services** — organising staff training on combating corruption
- **Corporate Security Unit** — checking counterparties and candidates to vacancies; responding to corruption incidents
- **Heads of the Group's branches and companies** — ensuring compliance with the principles and requirements of the Anti-Corruption Policy

FOCUS AREAS

- Prevention and management of conflicts of interest
- Anti-corruption due diligence of by-laws
- Counterparty due diligence to confirm their reliability, solvency and financial stability; anti-corruption clauses in contracts
- Procurement procedure
- Government cooperation, promotion of justice and the rule of law
- Recording and monitoring hospitality expenses, establishing criteria for acceptable business gifts
- Staff training in preventing and fighting corruption
- Awareness of the Company's corruption management policy among stakeholders
- Adopting standards and codes of conduct
- Sponsorship and charity
- Internal control of business operations and accounting
- Monitoring anti-corruption measures
- Participation in collective initiatives

Creating awareness and training employees on Nornickel's anti-corruption prevention policies and practices in 2019, by region 205-2

Indicator	Norilsk Industrial District	Krasnoyarsk Territory (excluding the Norilsk Industrial District)	Kola Peninsula Industrial District (Murmansk Region)	Moscow and other regions of Russia	Trans-Baikal Territory	Total
Number of employees made aware of the Group's corruption prevention policies and practices	48,978	3,315	12,512	5,710	3,095	73,610
Share of employees made aware of the Group's corruption prevention policies and practices, %	100	100	100	100	100	100
Number of employees trained on corruption prevention policies and practices	1,274	1,167	171	1,356	0	3,968
Share of employees trained on the Group's corruption prevention policies and practices, %	2.6	35.2	1.4	23.7	0	3.4

Creating awareness and training employees on Nornickel's corruption prevention policies and practices in 2019, by category

Indicator	Managers	White-collar employees	Blue-collar employees	Total
Number of employees made aware of the Group's corruption prevention policies and practices	10,480	14,904	48,226	73,610
Share of employees made aware of the Group's corruption prevention policies and practices, %	100	100	100	100
Number of employees trained on the Group's corruption prevention policies and practices	378	1,777	1,813	3,968
Share of employees trained on the Group's corruption prevention policies and practices, %	3.6	11.9	3.76	5.4

Corporate Trust Service

We rely on our Corporate Trust Service to ensure prompt response to any reports of abuse, embezzlement or other violations. The Service's remit extends across all business units of the Company and Group companies. Report statistics are submitted to the Audit and Sustainable Development Committee of the Board of Directors and the Company's business units on a quarterly basis. [102-17](#) [103-2](#)

The standard case closure time is 21 days from the report coming in and being registered, to it being closed following the review of the investigation results by the Head of Service. The exceptions are reports that require immediate action or additional investigation.

If the report is found substantiated, a set of control measures is taken, and if a violation is confirmed, measures are taken to correct the situation, eliminate any negative consequences, and inform stakeholders.

The principles underlying the Corporate Trust Service include guaranteed confidentiality for whistle-blowers, independent review of reports, and timely and unbiased investigation of all cases irrespective of the position and employment period of employees against whom allegations are made. We do not tolerate workplace or other retaliation against any employee who reports violations through the Corporate Trust Service or other channels.

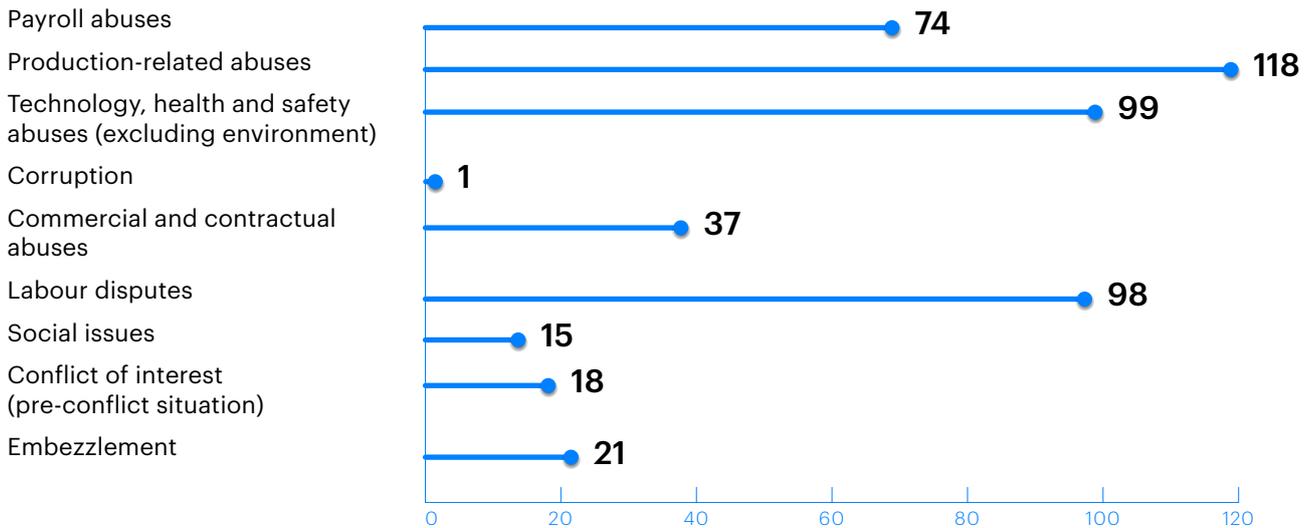
Nornickel's Corporate Trust Service: 24/7 toll-free hotline: +7 800 700 1941 and +7 800 700 1945, e-mail: skd@nornik.ru.

Information about the Corporate Trust Service is posted on the Company's official website (www.nornickel.com), intranet site, payslips, calendars and posters with the Service's logo.

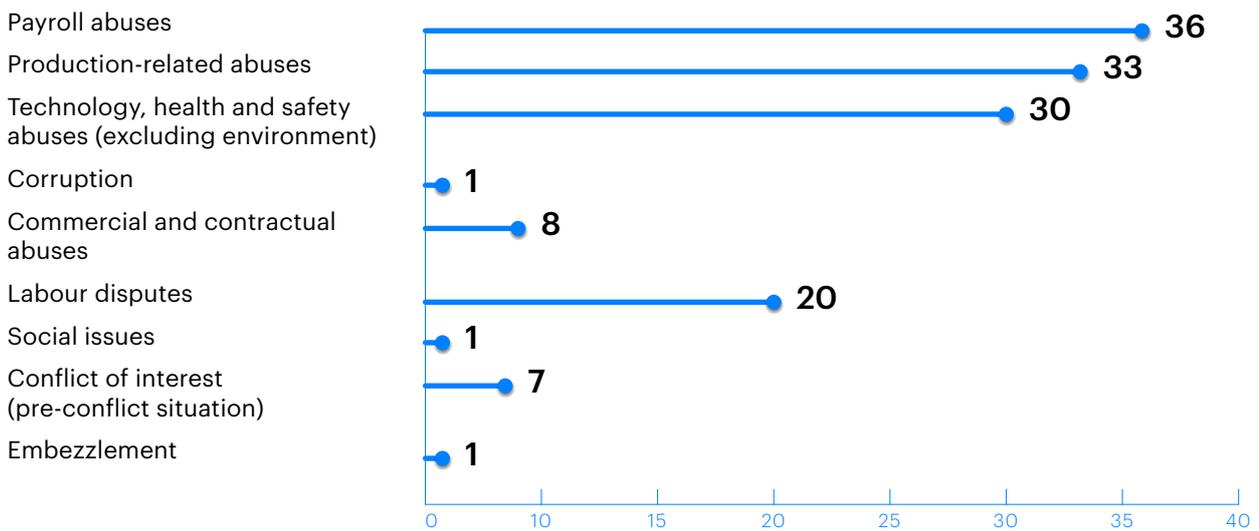
Persons in charge of the Corporate Trust Service have individual KPI targets of improving incoming reports processing.



Reports received in 2019 (total 481) by type of reported abuse

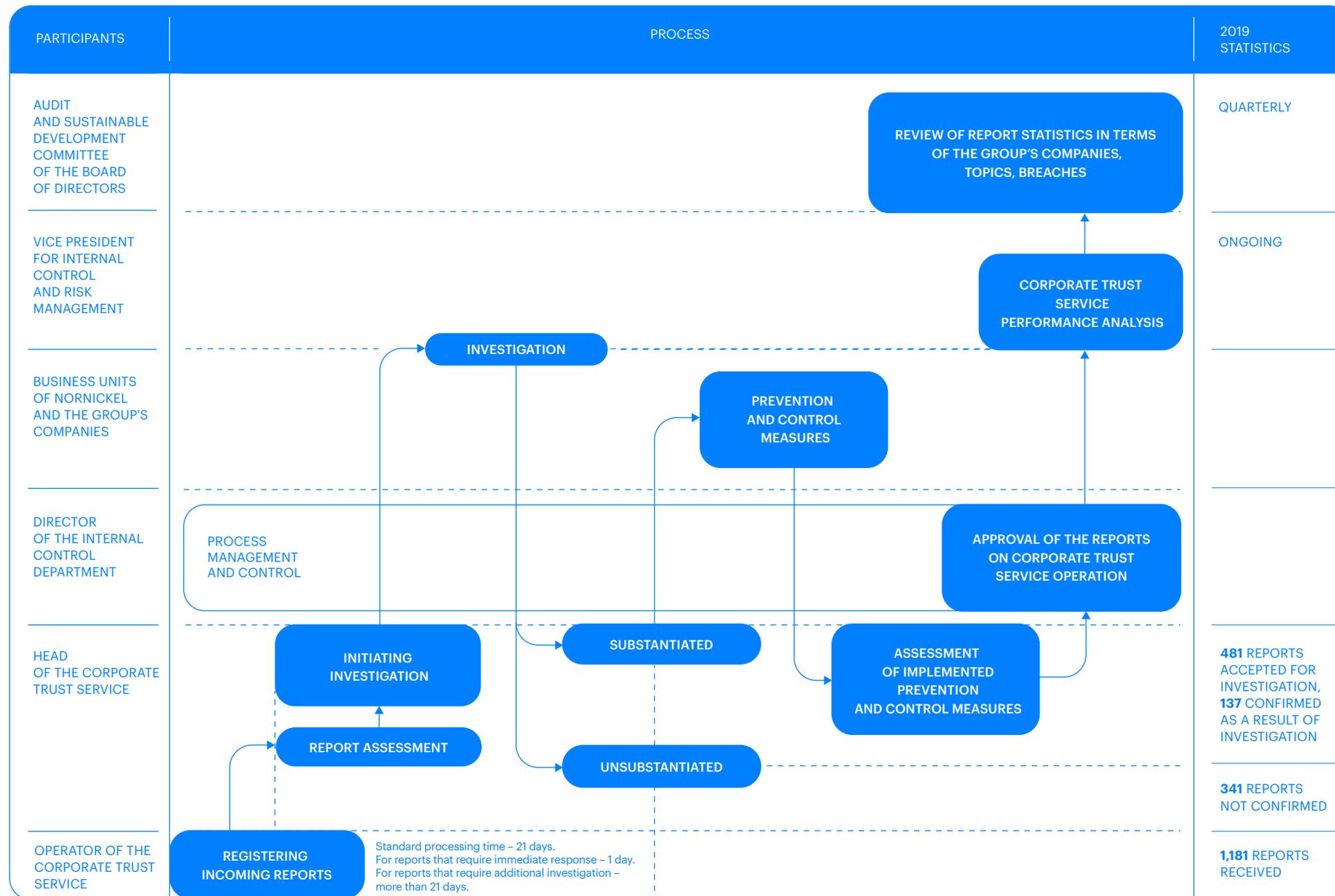


Reports confirmed in 2019 (total 137) by type of reported abuse



* Risk of Company employees participating in corruption arrangements with medical institutions in order to obtain personal benefits.

Framework for registering and reviewing reports by the Corporate Trust Service



Anti-money laundering and counter-terrorist financing initiatives

As required under Federal Law No. 115-FZ On Anti-Money Laundering and Combating the Financing of Terrorism dated 7 August 2001, the Company implements a set of anti-money laundering and counter-terrorist financing initiatives («AML/CTF»).

The main document regulating the Company's procedures for AML/CTF monitoring is the Internal Control Rules on Combating Money Laundering and Financing of Terrorism and Proliferation of Weapons of Mass Destruction developed in compliance with the Federal Law requirements and approved by Nornickel President's Order No. GMK/83-p dated 26 July 2019.

The key principle underlying the Company's AML/CTF monitoring practices is the engagement of all employees, within their competences, in identifying signs of money laundering and terrorist financing activities in counterparties' operations, and also in identifying operations subject to mandatory control.

The Company runs due diligence on all potential counterparties before signing contracts with them in order to check their reliability and identify entities and persons involved in extremist or terrorist activities.



Environment

UN Global Compact Principles 103-2

Principle 7: Businesses should support a precautionary approach to environmental challenges

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies

Environmental management

Nornickel considers environmental protection an integral part of all production processes. We comply with the applicable laws and international agreements and are committed to reducing emissions, on a phased basis, and the sustainable use of natural resources.

Nornickel's strategic goals in environmental management

Focus area

Air pollutant (SO₂) emissions

Goals

Implement the comprehensive Sulphur Programme¹ that aims to:

- reduce SO₂ emissions on the Kola site by 85%;
- reduce SO₂ emissions at Polar Division by 90% by 2025 and by 95% by 2030.

¹ Pollution reduction targets set as compared to the base year 2015.

Environmental management priorities:

- Phased reduction of pollutant air emissions, primarily sulphur dioxide and solids
- Development of waste disposal sites to reduce human impact on the environment
- Progressive reduction of effluents into water bodies
- Biodiversity conservation across regions of operations
- Zero pollution in maritime cargo transportation and vessel operation
- Sustainable use of natural resources and introduction of eco-friendly technologies
- Involvement with environmental public-private partnership projects

Environmental management responsibilities are distributed among different governance bodies in line with their competencies.

Body

Board of Directors 102-30

First Vice President,
Chief Operating Officer

HSE Committee

HSE Department 201-2

Production units

Sulphur Project PMO

Responsibilities

- approves environmental policies.
- oversees preparation of initiatives and compliance with environmental laws;
- assesses the environmental management system;
- submits reports to the Board of Directors.
- analyses and improves the environmental management system and assesses effectiveness of initiatives.
- ensures compliance of the Company's operations with the applicable environmental laws, environmental policy and ISO 14001:2015;
- mitigates administrative and financial risks related to environmental protection.
- implement environmental initiatives and prepare federal statistical and corporate reports.
- develops measures as part of the Sulphur Programme and monitors their progress.

Key environmental management regulations:

- Russian environmental laws;
- Nornickel's Environmental Policy;
- Environmental Impact Assessment Policy;
- Biodiversity Policy;
- Renewable Energy Sources Policy;
- Established maximum permissible environmental impact and its limits;
- Plans for reducing pollutant emissions;
- Plans for reducing pollutant discharges.

The Environmental Management System is part of the Group's integrated quality and Corporate Integrated Quality and Environmental Management System (CIMS), which enables the Group to harmonise environmental and quality management initiatives with operations of other functions (production management, finance, health and safety, etc.). This approach is beneficial both for environmental security and for an overall performance across the Company.

The Group's core companies are certificated under ISO 14001:2015 Environmental Management Systems

- MMC Norilsk Nickel
- Kola MMC
- Norilsk Nickel Harjavalta



In 2019, we conducted a number of internal audits. For this purpose we engaged specially trained and competent personnel in line with international standards and our by-laws. The reporting year saw:

- 19 internal audits at the Head Office;
- 14 internal audits at Polar Division's subsidiaries;
- 28 internal audits at Kola MMC;
- 22 internal audits at Murmansk Transport Division;
- 18 internal audits and one corporate audit at Polar Transport Division.

The Company has drafted and keeps updating a register of corporate and internal auditors.

Precautionary approach

In accordance with its Investment Project Risk Management Regulations, Nornickel analyses risks and assesses impacts and potential consequences using qualified expert review during both project initiation and implementation. In the event material risks are identified, mitigation initiatives are developed, and a decision may be taken to abandon the project. During a state expert review, FEED documents for all the ongoing projects undergo mandatory assessment for compliance with the applicable law. [102-11](#)

When planning our operations, we ensure compliance with the applicable Russian environmental laws and regulations.

Environmental protection expenditures

In 2019, the Group's environmental protection expenditures stood at RUB 39.5 bn, up 21.6% y-o-y. The largest spending items were current environmental protection expenditures (RUB 21.6 bn) and capital investments to ensure environmental protection and sustainable use of natural resources (RUB 17 bn).

[103-2](#) [307-1](#)

In 2019, we paid a total of RUB 1,890,000 in environmental fines, 40.7% less y-o-y, and received 41 improvement notices from regulators.

Environmental costs and expenditures, RUB mln

Expenditure item	2016	2017	2018	2019
Current environmental protection expenditures	15,405.17	20,907.06	19,161.00	21,579.19
Capital investments to ensure environmental protection and sustainable use of natural resources	9,567.83	4,981.95	12,607.28	17,006.12
Charges for permissible and surplus emissions (effluents) and disposal of production and consumption waste	745.77	626.79	695.18	886.90
Charges paid by the Company to remedy damages arising from non-compliance with environmental laws (excluding environmental fines)	4.19	244.31	1.53	0
Environmental expenditures and costs	25,722.96	26,760.11	32,464.99	39,472.21

Sulphur Programme

Sulphur Programme is a comprehensive environmental initiative implemented as part of Nornickel's strategy. It aims to drastically reduce SO₂ emissions from the Company's operations to meet the maximum permissible levels.

The Kola project envisages:

- the shutdown of smelting capacities in Nickel resulting in zero SO₂ emissions in the cross-border area;
- upgrade of nickel production facilities with a shift to the leaching technology (implemented in 2019);
- upgrade of Zapolyarny Concentrator, including the construction of an additional flotation circuit and loading facility;
- sales of low-grade Kola concentrate.

For the high-grade Kola concentrate, market alternatives will be considered. However, we prioritise our own smelting capacities at Polar Division subject to productivity improvements / debottlenecking initiatives.

Sulphur Programme roadmap

Year	2020	2021	2023	2025	Strategic goal 2030+
Region	Kola site		Polar Division		
Initiatives	Optimise smelting operations in Nickel settlement	Fully shut down smelting operations in Nickel and the Copper line at Kola Refinery	Complete the anchor project to capture furnace gases at Nadezhda Metallurgical Plant	Launch the Sulphur Programme at Copper Plant to capture furnace and converter gases	Capture low-grade SO ₂ gases, including converter gases, at Nadezhda Metallurgical Plant
Targets ¹	Reduce SO ₂ emissions in Nickel and Zapolyarny by 50%	Reduce SO ₂ emissions at Kola site by 85%	Reduce SO ₂ emissions at Polar Division by 45%	Reduce SO ₂ emissions at Polar Division by 90%	Reduce SO ₂ emissions at Polar Division by 95+%

¹ Pollution reduction targets set as compared to the base year 2015.

To achieve these objectives, we plan to build the following capacities at Polar Division's Nadezhda Metallurgical Plant by 2023:

- two lines of SO₂ capturing from flash furnaces and sulphuric acid production;
- limestone preparation and neutralisation lines (sulphuric acid into gypsum);
- gypsum storage (3 km away from the plant);
- supporting infrastructure.

To raise the stakeholders' awareness, we opened a Sulphur Programme showroom at Nadezhda Metallurgical Plant. The showroom uses the latest exhibition technology. The exhibits include:

- architectural models of the facilities to be used to capture sulphur dioxide at the plant;
- building models with augmented reality elements to demonstrate solutions and technology;
- interactive stands providing information about the existing projects, Polar Division, Nadezhda Metallurgical Plant and the Company's other environmental initiatives;
- screens with information videos about the projects.

At Polar Division's Copper Plant, we intend to roll out ready-made solutions used for the NMP project subject to the production facility specifications, and launch a continuous converting facility.

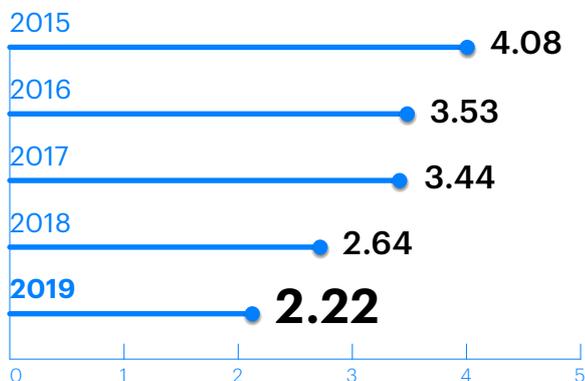
We also plan to relocate the project back to Copper Plant, leaving enough space at NMP to unlock strategic optionality for capacity expansion.



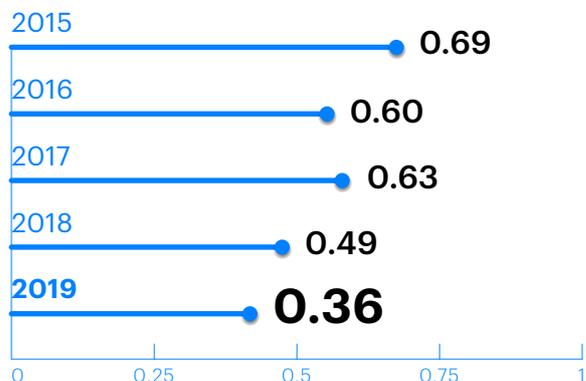
Performance indicators

Environmental impact indicators

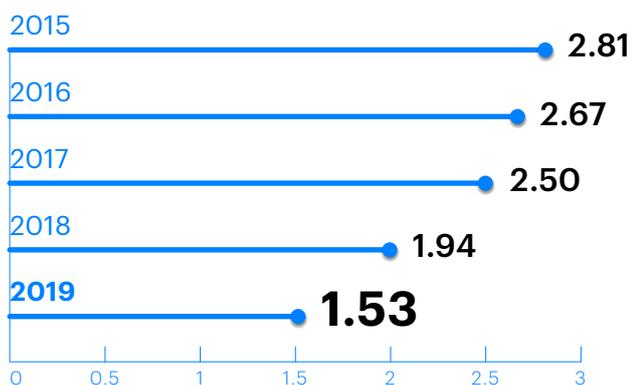
Air emissions, t / RUB mln ¹



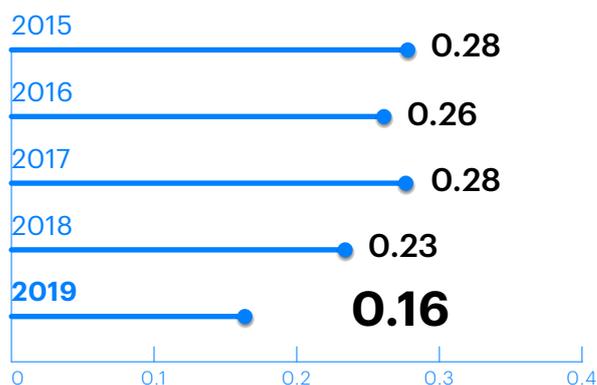
Water withdrawal, thousand m³ / RUB mln



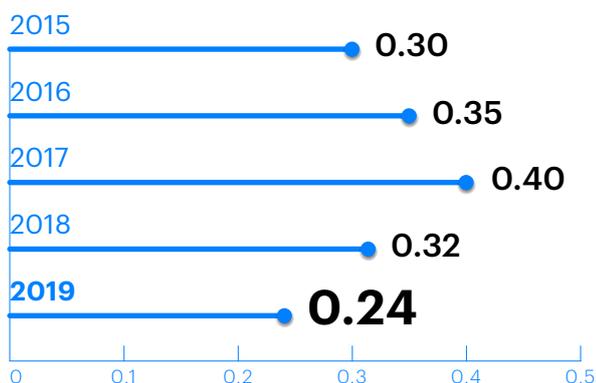
Water consumption, thousand m³ / RUB mln



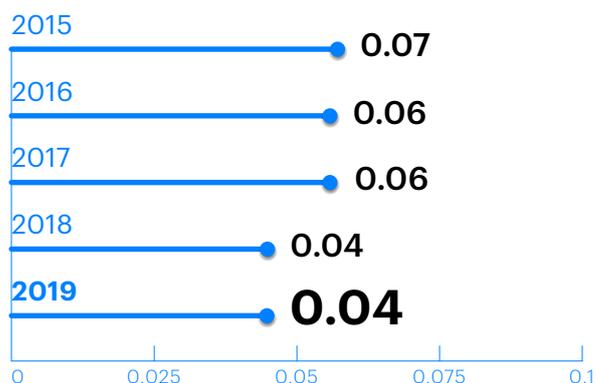
Effluents, thousand m³ / RUB mln



Pollutants in effluents, t / RUB mln



Waste generation, kt / RUB mln



¹ All figures in the table are given per RUB mln of consolidated revenue.

Air protection

Polar Division's various operations impact the environment in the Norilsk Industrial District. Over 60 pollutants are emitted into the air in this area. While annual emissions of over 30 pollutants are below 1 tonne per each of them, the key pollutant — sulphur dioxide — accounts for around 98% of all emissions. [103-2](#) [413-2](#)

To communicate its environmental efforts to the people of Norilsk, Polar Division has been running an automatic toll-free enquiry service offering short-term forecasts on the environmental situation in the city.

Kola MMC's operations have environmental implications mostly for Monchegorsk and Zapolyarny towns and Nickel settlement in the Murmansk Region. The key pollutants resulting from copper and nickel feedstock processing are sulphur compounds and dust which contains heavy non-ferrous metals such as nickel and copper.

Reduction of air emissions is the key objective pursued by the Company's operational units as part of environmental management and environmental performance enhancement.

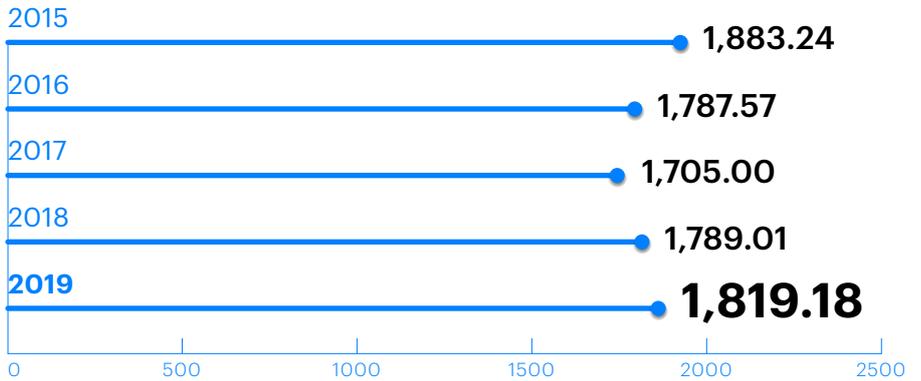
The key regulatory document in this area is the Roadmap to Reduce Air Pollutant Emissions in 2018–2023 approved by Rosprirodnadzor for Polar Division. The roadmap takes into account the current state of emission sources following the shutdown of Nickel Plant and the completed reconfiguration stages at Polar Division. It covers major projects (Sulphur Programme projects at Copper Plant and Nadezhda Metallurgical Plant, and the converter upgrade at Copper Plant), which, subject to completion in due time, will allow Nornickel to keep emissions down to maximum permissible rates.



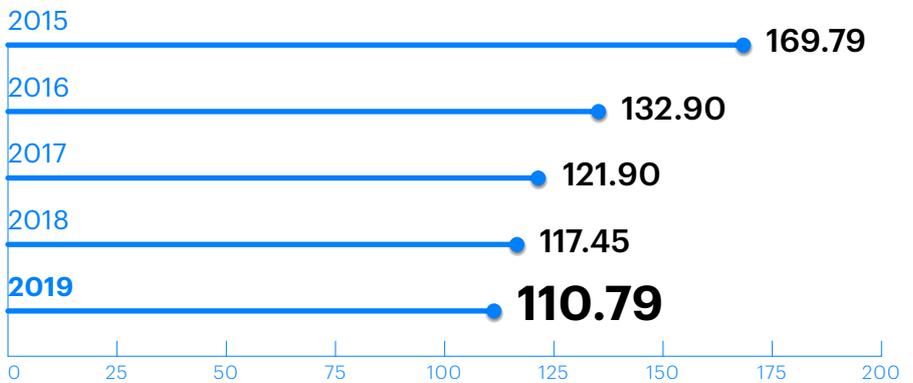
Air pollutant emissions, kt

305-7

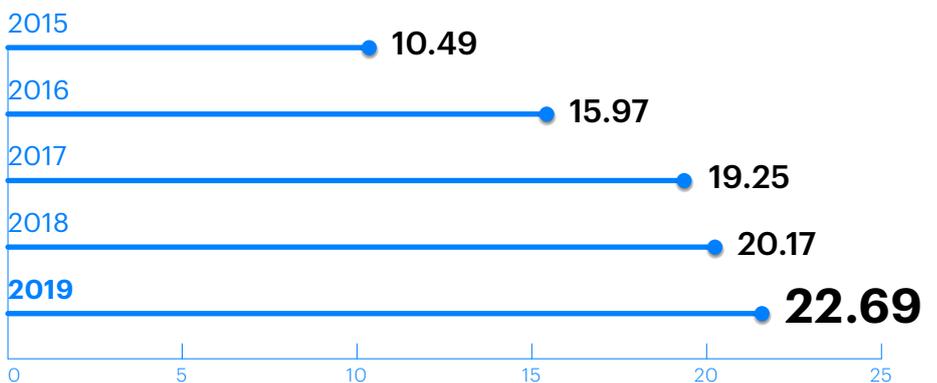
Polar Division



Kola MMC

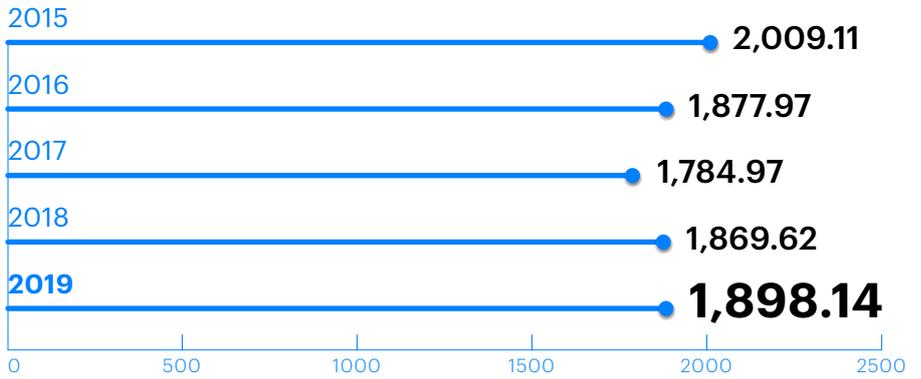


Other business units and divisions

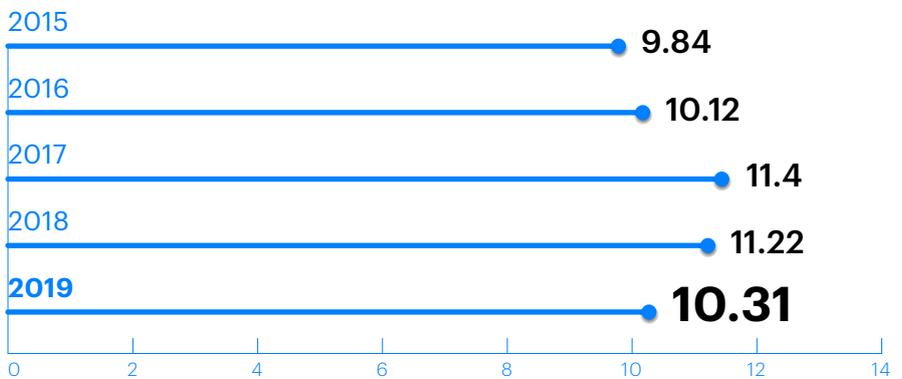


Air pollutant emissions, kt

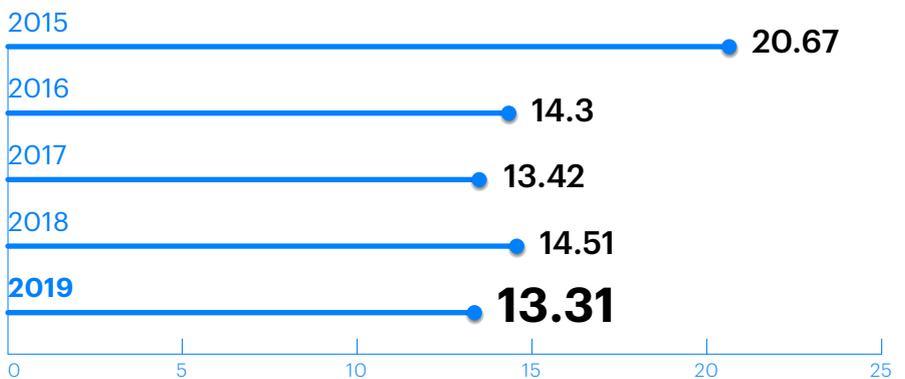
Sulphur dioxide



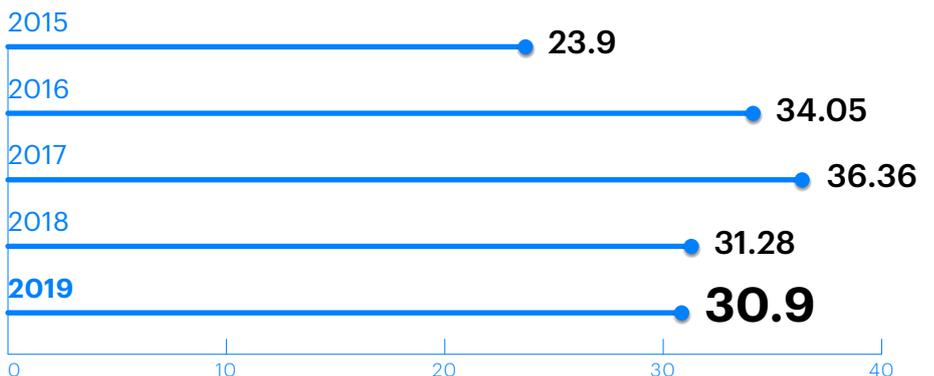
Nitrogen oxides



Solids



Other pollutants



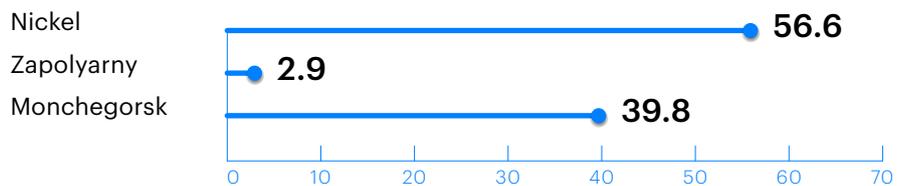
In 2019, the Group's pollutant emissions increased by 1.3%, while emissions per RUB 1 mln of revenue were down by 16%. Kola MMC reduced its emissions by 5.7%.

Polar Division's emissions in 2019 totalled 1,819.2 kt, up 30.2 kt (1.7%) y-o-y, mainly due to increased sulphur dioxide emissions. The rise in sulphur dioxide emissions was largely driven by a higher sulphur input in the metal-containing feedstock processed at Nadezhda Metallurgical Plant's pyrometallurgical facilities during the reporting period.

In 2019, total pollutant emissions at Polar Division were 177.1 kt below the permitted level.

We continued to bring emissions gradually down to below the maximum permissible concentration levels set for MMC Norilsk Nickel's Polar Division. We also carried on with our efforts to improve control over emissions during unfavourable weather conditions. During the reporting period, over 250 emission control interventions were performed at Norinickel's metallurgical operations.

SO₂ emissions at Kola MMC, kt



¹ With NO measured as NO₂.

Polar Division invested over RUB 900 mln in 2019 to overhaul and repair gas cleaning units, dust exhausting units and dust collectors, which resulted in the reduction of dust emissions from stationary emission sources at:

- Copper Plant (Smelting Shop 1);
- Nadezhda Metallurgical Plant (Smelting Shop 1, Feedstock and Charge Makeup Shop, Elemental Sulphur Production Shop 1).
- Talnakh Concentrator (Crushing Shop, Grinding and Flotation Shop);
- Mayak and Oktyabrsky mines (surface backfilling preparation complex).

As part of the comprehensive upgrade of nickel refinery in 2019, the Group completed the phased transition from electrolytic nickel refining to electrowinning. The new method reduces operating costs and metal losses in production, improves the product quality and reduces air emissions of sulphur dioxide and nickel-containing dust.

In addition, the Zapolyarny site continued its concentrator upgrade, which includes the construction of a facility to separate low- and high-grade concentrate, a new building for low-grade concentrate dehydration and shipment to third-party consumers. The completion of this project is a prerequisite for closing smelting operations in Nickel in accordance with the Sulphur Programme.

The year also saw repairs completed of the gas duct used to transport gases from the smelting units in the metallurgical shop to the sulphuric acid section of the Refining Shop in Monchegorsk. In 2019, over 260 m (15 sections) of the 1.25 km duct was replaced. With the new gas duct on stream, the metallurgical shop can significantly increase off-gas recycling, ramping it up during adverse weather conditions to ensure better air quality at the production site and in Monchegorsk.



In 2019, Nor Nickel's Investment Committee gave the go-ahead for projects to cut emissions and improve environmental conditions at Kola MMC's Monchegorsk site. The Company plans to upgrade the 4th technological system in the sulphuric acid section and replace electrostatic precipitators (ESPs) in the dust collecting chamber of the Refining Shop, with total investment standing at RUB 6.2 bn.

The upgrade will see the construction of a new sulphuric acid production line, bringing the design capacity to 75,000 nm³/h, a more than 1.5 fold expansion. Cutting-edge equipment will be installed, with all metal pipework, gas ducts and acid tanks to be replaced with durable acid-resistant plastic alternatives. The total project costs are estimated at RUB 3.1 bn.

On top of that, ca. RUB 3 bn will be spent to replace ESPs used for gas treatment in the Refining Shop's fluidised bed furnaces. A new gas cleaning building is to be constructed as part of the initiative. It will feature 4 four-stage ESPs to increase the amount of impurities removed from sulphur-rich gases. Running simultaneously, the two projects will make Kola MMC's sulphuric acid production considerably more efficient while also reducing air emissions.

Greenhouse gas (GHG) emissions

In light of an increasing exposure to climate risks worldwide and investors' growing focus on this topic, Nor Nickel is working hard to reduce its greenhouse gas emissions, switch to renewable energy, and improve overall energy efficiency. [201-2](#)

We use low-carbon fuels (mostly natural gas) in our production and power generation processes. We also generate renewable energy at our Taimyr HPP Cascade. Electricity produced by the HPPs accounts for 44.5% of the Group's total power consumption.



We have adopted a proactive approach in responding to GHG regulatory risks in Russia and abroad by:

- keeping record of GHG emissions;
- developing and implementing a corporate GHG emission management system;
- disclosing information on GHG emissions on a voluntary basis;
- monitoring domestic and international climate regulations;
- assessing the prospects of GHG reduction.

The Company's governing bodies examine on a quarterly basis climate change risk data published in Nornickel Group's quarterly risk reports. As one example, the Board of Directors reviews climate risks while discussing the Company's programmes tracking climate changes and progress reports on major investment projects and treats them as a priority in setting Nornickel's targets and development strategy.

The Company initiates and takes part in climate change events, such as the 8th Ecological Forum themed «Corporate Responsibility to the Future. Technology for Society and Nature.» In December 2019, we held a training for our employees on financial disclosures based on TCFD recommendations, attended by representatives of various Head Office departments.

In 2019, we assessed GHG emissions of the Group's facilities in line with the GHG Protocol Corporate Accounting and Reporting Standard. GHG emissions amounted to some 10 mt of CO₂ equivalent¹. Direct GHG emissions (Scope 1) account for the bulk of all emissions. Indirect GHG emissions (Scope 2) amount to no more than 1.25% of the total GHG emissions (Scope 1 and 2).

[305-1](#) [305-4](#)

¹ An estimate that includes carbon dioxide (CO₂) and methane (CH₄) emissions.

The Group expects to stabilise GHG emissions at up to 10–12 mtpa of CO₂ equivalent by bringing to fruition the planned production expansion and upgrade projects and implementing a major programme to improve environmental performance.

In 2020, the Company will prepare information on Nornickel’s GHG emissions, with a breakdown by production site and segment. We are also planning to assess other indirect GHG emissions (Scope 3) in line with the GHG Protocol Corporate Accounting and Reporting Standard.

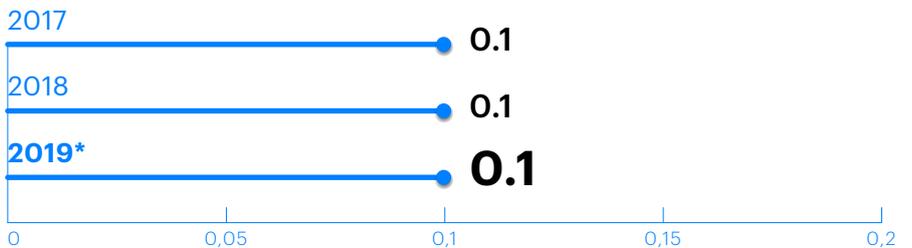
To comply with the Russian environmental and GHG regulations, the Company is on course to update our assessment of the GHG emissions sources and the corporate regulatory documents in accordance with Orders No. 300 and No. 330 of the Russian Ministry of Natural Resources.

Greenhouse gas emissions in 2017–2019

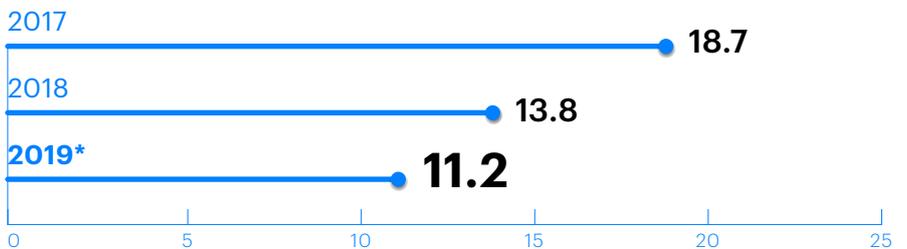
Direct (Scope 1) GHG emissions, mt of CO₂



Indirect (Scope 2) GHG emissions, mt of CO₂



GHG emission intensity (Scope 1 and 2), t of CO₂ / RUB mln of consolidated revenue



* The assessment includes Q4 2019 estimates.

Use of ozone-depleting substances

The Group neither produces nor uses ozone-depleting substances (ODS), except for extremely limited amounts used as a chemical agent for laboratory-based chemical analysis as well as for filling and topping compressors in air conditioning units and carbonated water machines that produce water used as a cooling agent for medium- and low- temperature refrigerating equipment. The Company reports on the use of such substances to the Russian Ministry of Natural Resources and Environment as required. [305-6](#)

There were no ODS emissions in 2019.

Protection of water bodies

The Group uses water from surface and underground sources for its drinking, production and process supply needs as well as for community and shipping needs. Water is withdrawn in compliance with the pre-approved limits, without any major impacts on water bodies. No water is withdrawn from either the Ramsar Wetlands or from other protected natural areas. [103-2](#) [306-5](#)

The Company's effluents generally do not exceed the pre-approved limits, including admissible impact limits, or have any major impact on biodiversity of water bodies and related habitats.

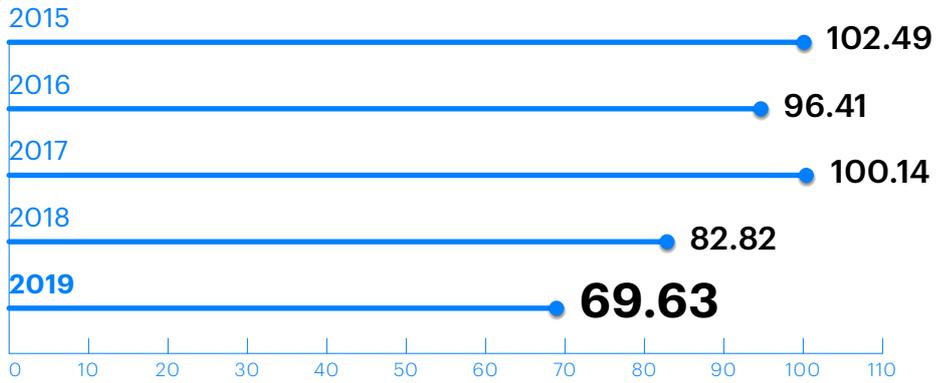
In 2019, the Group's water withdrawal¹ went down by 10.5% y-o-y and totalled 319.4 mcm. This was mostly associated with a decrease in power generation and a resulting drop in water consumption to cool turbine generating units at NTEK's TPP 2.

Besides, the natural inflow of mine water decreased by 7.6 mcm at Polar Division and Bear Creek and by 6.3 mcm at Kola MMC.

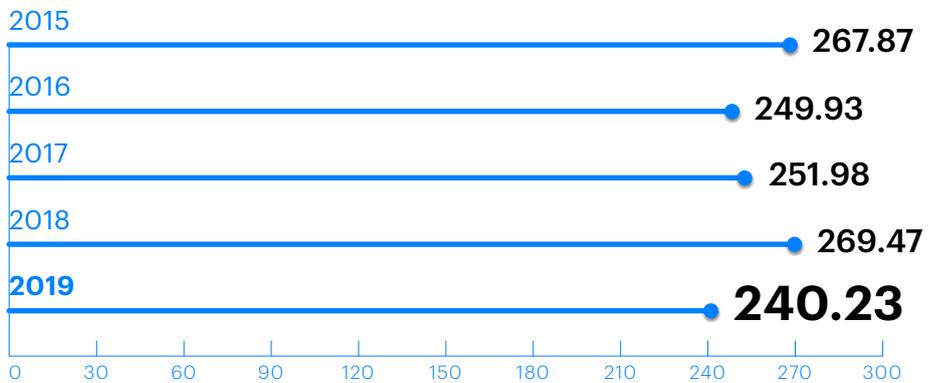
¹ Water withdrawal is measured with flow metering instruments.

Total water withdrawal¹, mcm 303-1

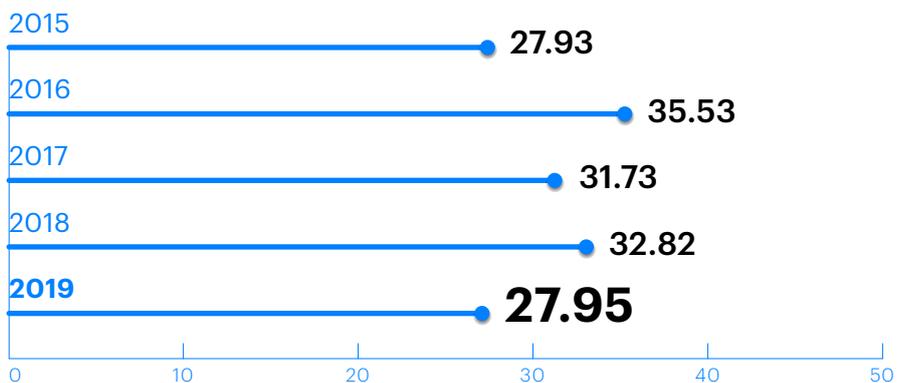
Polar Division and Norilskenergo



NTEC



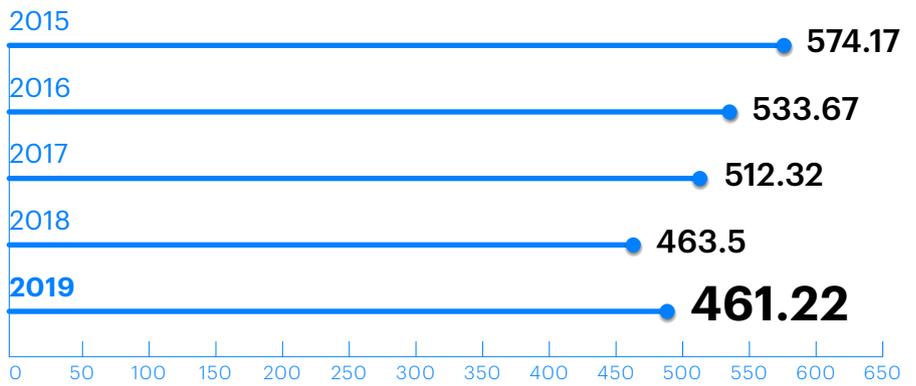
Kola MMC



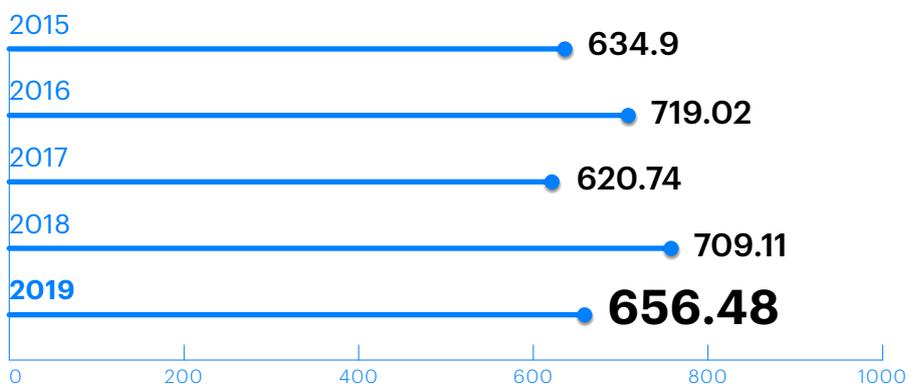
¹ The total for Polar Division, Norilskenergo branch and other operations of the Group includes water withdrawal from NTEC.

Total water consumption, mcm

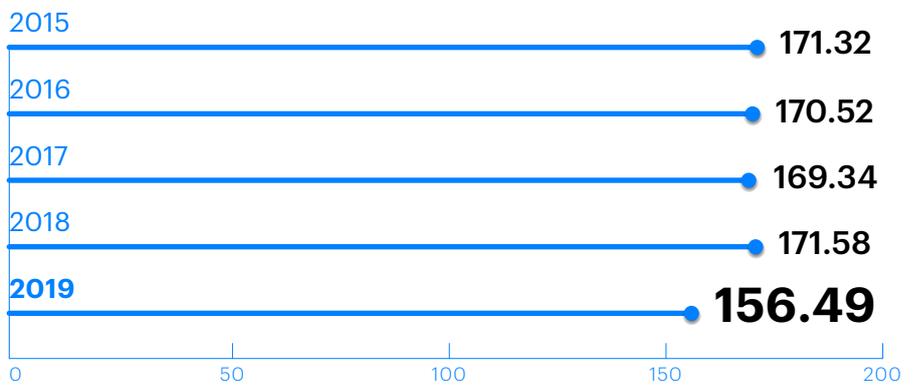
Polar Division



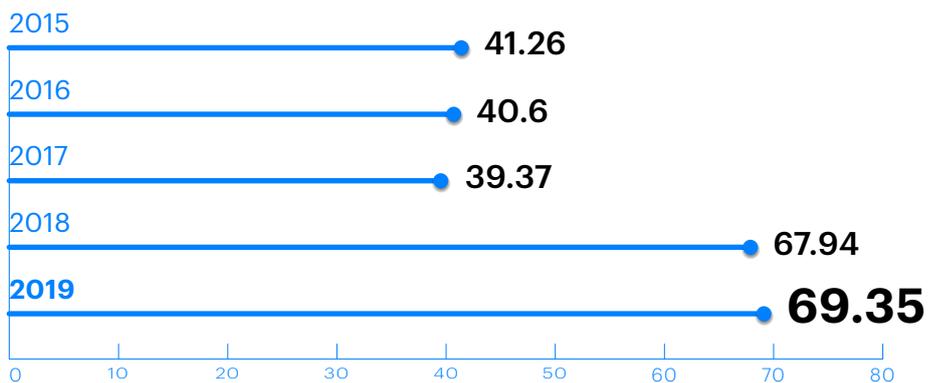
NTEC



Kola MMC

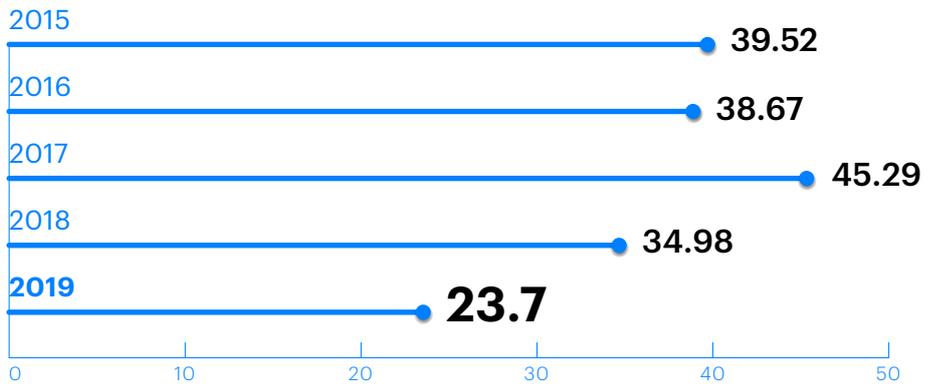


Other Group operations

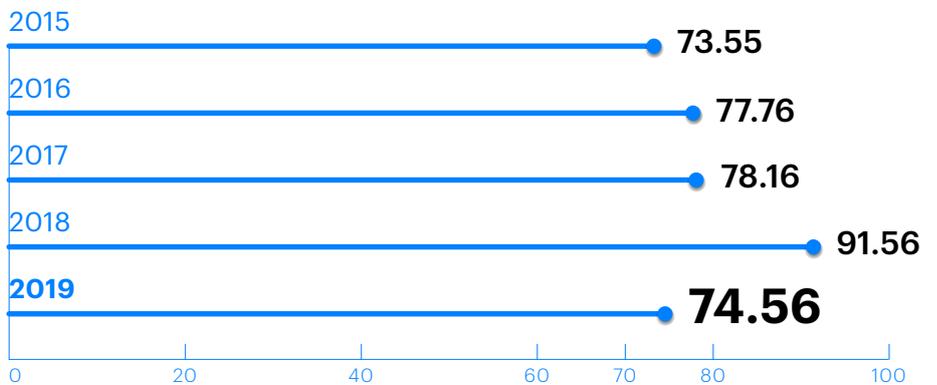


Total effluents, mcm

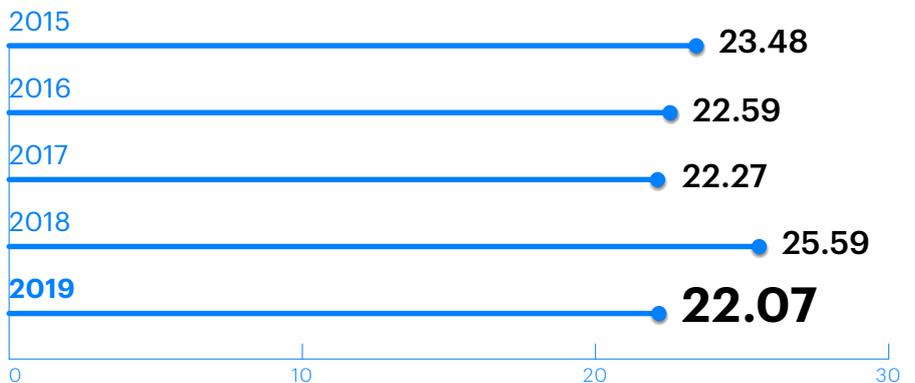
Polar Division and Norilskenergo



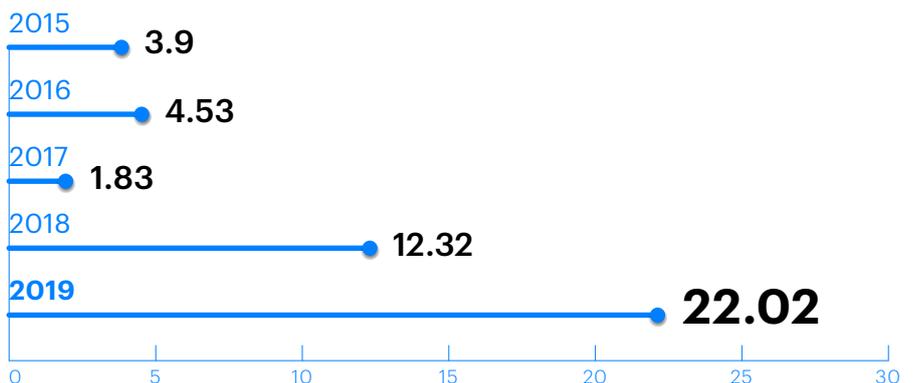
NTEC



Kola MMC



Other Group operations



In 2019, we reused and recycled 87.2% of all water consumed, up 1.5 p.p. y-o-y. Water withdrawal made up 30% of total water consumption.

In 2019, the Group's effluents were down 13.4% y-o-y to 142.3 mcm. This was mainly due to a 17 mcm decrease in the discharge of standard-quality treated water used to cool turbine generating units at NTEK's TPP 2. [306-1](#)

Pollutants in effluents totalled 210.6 kt, down 9.4% y-o-y.

Pollutants in effluents discharged by Polar Division and Norilskenergo (branch of MMC Norilsk Nickel) decreased by 0.3 kt to 72.7 kt.

Kola MMC's effluents dropped by 13,8% y-o-y, mainly due to a decrease in discharge from mines and surface sources.

In 2019, we continued implementing our plan to bring effluents in Norilsk gradually down to maximum permissible discharge rates for each controlled pollutant:

- work is underway to draft tertiary treatment procedures for utility wastewater from Copper Plant;
- a wastewater treatment technique was developed to treat industrial effluents at discharge point No. 41 of Nadezhda Metallurgical Plant;
- water basin, cooling tower No. 2 at Copper Plant, water recycling system and distribution chambers were hot commissioned, and discharge point No 37 was shut down as a result;
- as part of the Mayak Mine Water Treatment Project, technologies were developed to treat Mayak Mine's drained water, with work underway to build drained water treatment facilities.

In 2019, Kola MMC developed operating procedures for treating Severny Mine's drained water.



Waste management

Over 95% of the Group's production waste is classified as hazard class 5 (non-hazardous) waste. This includes rock and overburden, tailings, and metallurgical slags. To minimise the environmental impact, mining waste and tailings are stored at special waste disposal sites and are used (utilised) at the Group's facilities or as part of third-party operations. Mining waste and tailings are used to make filling compounds or smelting fluxes, construct and reinforce tailing dumps or railroad groundwork, as road filling, etc. MM3 103-2

All of the Group's waste disposal sites are listed on the national disposal site register. The sites are regularly monitored in line with designated environmental programmes. Tailings dumps are monitored additionally as required by safety standards for hydraulic structures.

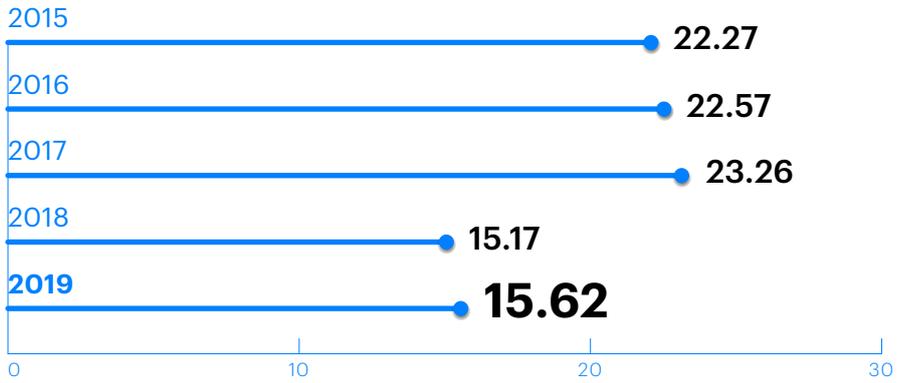
Production and consumption waste is treated in accordance with waste generation standards and waste disposal limits.

In 2019, the Group's total waste generation increased by 5.7 mt y-o-y driven by higher production volumes at Bear Creek. The increase in waste recycling in 2019 was attributable to the use of mining waste and tailings by Kola MMC for the construction of dam shores for the concentrator's tailing dump.

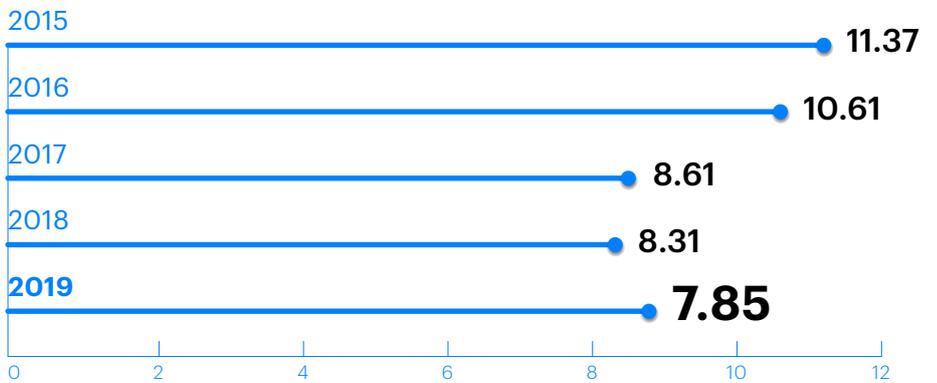
In 2019, the amount of waste recycled by the Group increased by 5% y-o-y, accounting for 63% of all generated waste.

Waste generation, mt 306-2

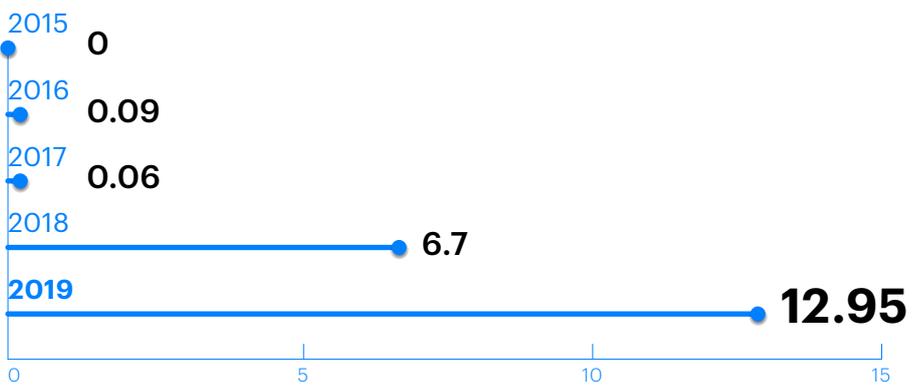
Polar Division



Kola MMC

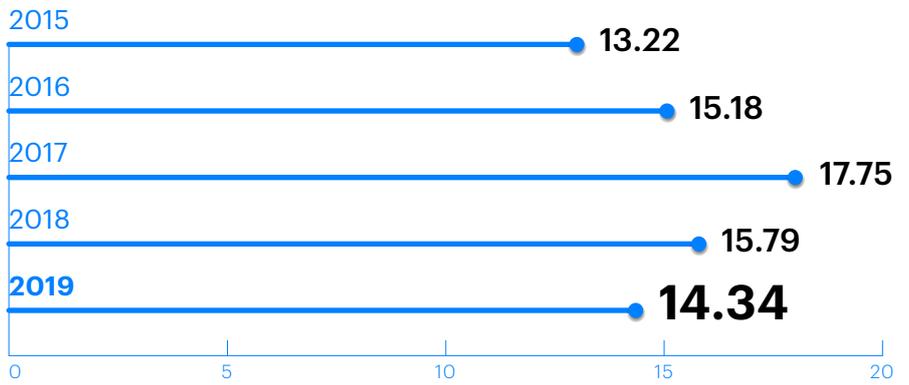


Other Group operations

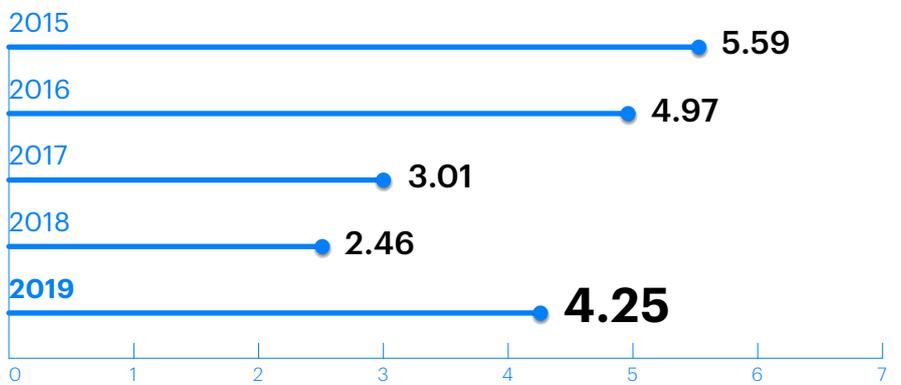


In-house waste disposal, mt

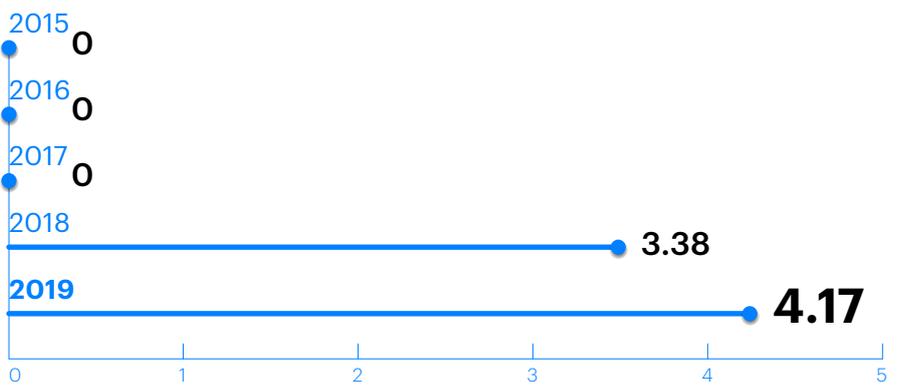
Polar Division



Kola MMC



Other Group operations



Over the last five years, there have been no industrial safety incidents involving tailing dumps.

Tailing dump safety¹

We take tailing dump safety very seriously and monitor their condition and reliability on a regular basis.

Our tailing dumps comply with Russian laws and have all permits and expert documentation in place required for the commencement of construction. Additionally, we developed mandatory safety criteria to operate each tailing dump and had them approved by regulators.

Every facility has a safety monitoring system that encompasses internal production control and environmental monitoring. Tailing dumps are also inspected for stability by competent independent organisations certificated by Rostekhnadzor. All hydraulic structures are subject to ongoing comprehensive monitoring for industrial safety. The operating personnel and the environmental service conduct quarterly internal audits. In addition, the Company and Rostekhnadzor carry out annual inspections of hydraulic structures prior to freshets. Our employees operating tailing dumps take relevant annual training and are assessed by Rostekhnadzor.

¹ More details on the safety of tailings dumps is available on the Company's website at https://www.nornickel.ru/files/ru/investors/esg/Norilsk_Nickel_tailings_report_RUS_final.pdf

Tailing dump	Location	Status	Hydraulic structure class / waste hazard class	Date of the last independent audit
Tailing dump of Talnakh Concentrator, Polar Division	5 km from Talnakh Concentrator site	active tailing dump (first construction phase completed, second construction phase in progress until 2023)	Class 2 / class 5	February 2019
Tailing dump of Nadezhda Metallurgical Plant, Polar Division	12 km from NMP site	active tailing dump (first modernisation phase completed)	Class 2 / class 4	April 2016
Lebyazhye tailing dump	8 km from Norilsk Concentrator site	active tailing dump	Class 2 / class 5	March 2018
Tailing dump No. 1	2.5 km from Norilsk Concentrator site	active tailing dump	Class 2 / class 5	March 2018
Tailing dump, Zapolyarny Concentrator tailing section, Kola MMC	2.5 km from the Zapolyarny Concentrator site	active tailing dump	Class 1 / class 5	October 2019
Tailing dump of Bystrinsky GOK	4.5 km from Bystrinsky Concentrator	active tailing dump	Class 2 / class 5	August 2019
Tailing dump of Concentrator No. 2 in Nickel, Kola MMC	1 km from the smelting shop in Nickel	Decommissioned in 1995. Under liquidation since 2001. The liquidation is to be completed in 2030.	No class assigned due to decommissioning	September 2018

Biodiversity conservation

We seek to minimise any potential negative impact of our operations on biodiversity. Our activities in this area are mainly governed by the applicable Russian laws and the Biodiversity Policy approved by MMC Norilsk Nickel's Board of Directors. [103-2](#)

The Policy focuses on land rehabilitation, cooperation with nature reserves, and reproduction of aquatic bioresources. The Let's Do It! environmental marathon plays an increasingly important role and brings together thousands of our employees and local community members to support nature reserves, clean up certain areas, transplant young trees, and carry out other environmental initiatives.

In the reporting year, we staged the fourth edition of the marathon in Norilsk, with a total of 250 volunteers (29 teams) from 45 Nor Nickel units and 22 partner organisations taking part. They arranged over 100 events involving more than 3,000 town residents. The initiatives included collecting around 20 t of waste, festivals, workshops, improvement of several urban facilities, creating a plastic processing lab and building an eco-trail. The Company awarded three winning teams with certificates enabling them to attend team-building events.

In 2019, Monchegorsk hosted a Catch the Eco Wave environmental quest, which saw over 140 participants.

During the marathon, volunteers implemented a number of large-scale projects, including the arrangement of an eco-trail and information boards in the Lapland Biosphere Reserve and development of an eco-trail in the Pasvik Nature Reserve.

From 17 to 19 October, the Caucasus Nature Reserve in Sochi welcomed 72 most active marathon participants from Norilsk, Moscow, Nickel, Zapolyarny, Monchegorsk and Chita as part of a three-day eco-rally. Nor Nickel volunteers from across the Company's regions of operation took part in a strategic session and workshops, shared their experience and built a bison trail. The trail is an interactive platform raising awareness about the life of bisons. It will serve as a highlight of the reserve's new visitor centre.

The Company also supports programmes aimed at studying and preserving rare and endangered species listed on Russia's Red Data Book, including Siberian bighorn sheep, polar bears, lesser white-fronted geese and others.



Land rehabilitation

We are developing the Oktyabrskoye, Talnakhskoye and Norilsk-1 Deposits on the Taimyr Peninsula, Zhdanovskoye, Zapolyarnoye, Kotselvaara and Semiletka Deposits on the Kola Peninsula, and the Bystrinskoye Deposit in the Trans-Baikal Territory.

Pursuant to the Russian laws, design documents for capital construction projects, including field development, must have a section describing environmental protection and monitoring initiatives to track changes across the ecosystem resulting from ongoing development, construction or accidents.

We have field development, mine liquidation and land rehabilitation project documents in place for all of our deposits, with special provisions set aside for rehabilitation activities. The project design documents provide for layouts, slopes, hydraulic and irrigation structures, and other technical measures. Importantly, our deposits are in commercial development, exploration or production test stages with liquidation or abandonment not expected until 2050.

We traditionally take part in urban greening projects in Norilsk, Dudinka, Monchegorsk, Zapolyarny, and Nickel. Together with local authorities and volunteers, we launched a disturbed area reclamation programme to clean up and improve public spaces and areas around motorways, protect water bodies and water reserves, and revamp tourist camping sites.

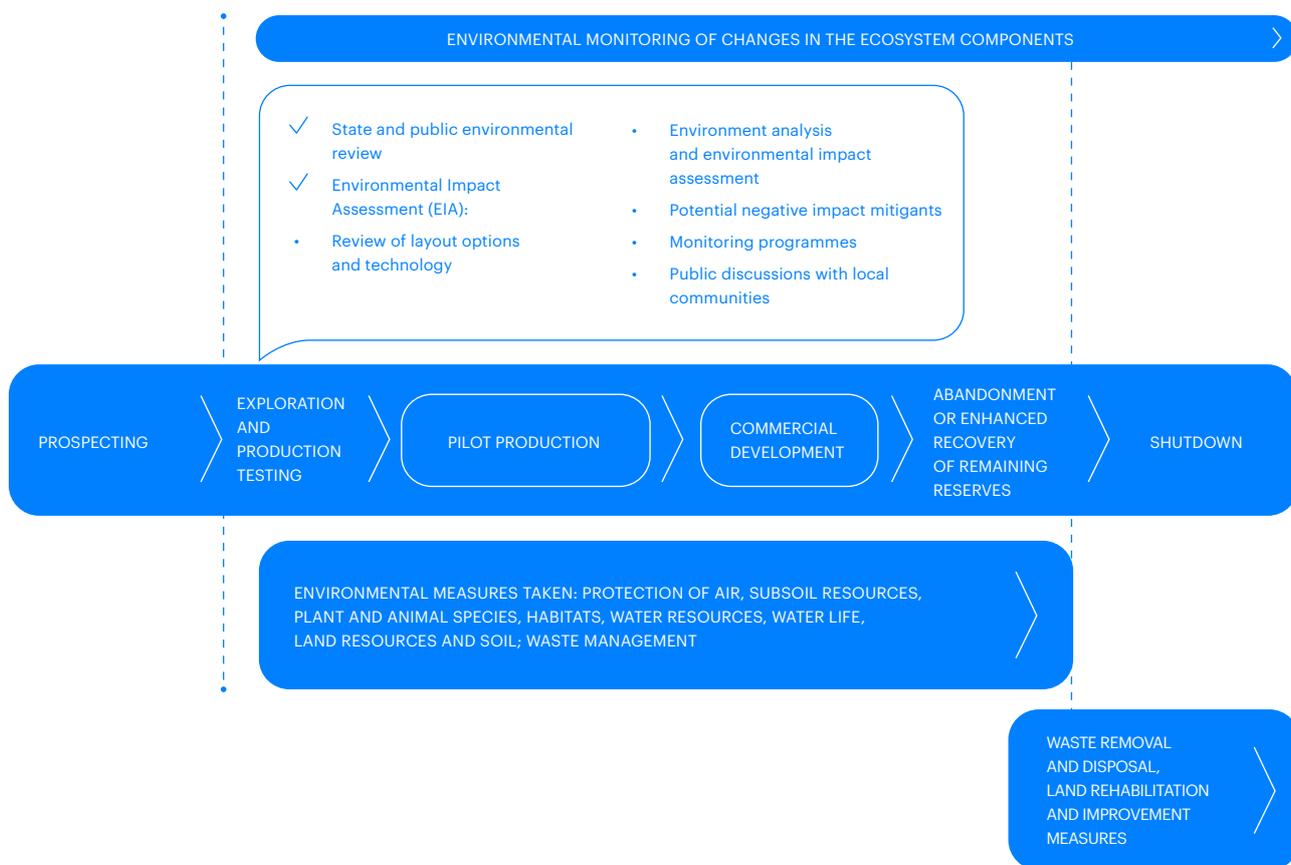
In 2003, Kola MMC started implementing land rehabilitation initiatives in line with recommendations of nature reserves. Since then, the company has planted over one million trees and bushes over an area of about 100 ha, including as part of a pilot project run jointly with Kola Science Centre of the Russian Academy of Sciences. The project seeks to restore damaged land adjacent to our production site in Monchegorsk.



Environmental protection and monitoring measures taken during the deposit life cycle

304-3

MM1



Disturbed and rehabilitated land area in 2019, ha

MM1

Indicator	Total	Including:			
		during mining	during construction	during disposal of solid domestic and industrial waste	during other activities
Total disturbed area, beginning of period	16,437.8	14,286.81	430.75	591.84	1,128.4
Total rehabilitated area	50.74	50.74	0	0	0
Total disturbed area in the reporting period	154.52	53.02	0	101.5	0
Total disturbed area, end of period	16,638.9	14,289.27	430.75	693.34	1,225.52

Cooperation with nature reserves

Kola MMC is located 15 km from the Pasvik Nature Reserve and 10 km from the Lapland Biosphere Reserve, while Polar Division's sites are some 80–100 km away from the buffer zone of the Putoransky Nature Reserve. Bystrinsky GOK lies 160 km away from the Relict Oaks State Reserve (Trans-Baikal Territory). In 2019, our operations did not produce any significant impact on areas that are in the relative vicinity to the nature reserves and areas of high biodiversity value outside protected areas. Our cooperation with nature reserves primarily focuses on developing research and technology and supporting their social, volunteering and environmental awareness programmes.

304-1 ● 304-2 ●

Putoransky State Nature Reserve

The Putoransky Reserve has been on the UNESCO world heritage list since 2010. This is one of the biggest nature reserves in Russia with a total area of nearly 1.9 million ha. The reserve is part of the Joint Directorate for Taimyr Nature Reserves, which also includes the Taimyrsky and Big Arctic reserves, as well as the Purinsky and Severozemelsky natural protected areas.

The Directorate implements environmental projects selected under Nornickel's World of New Opportunities charitable programme to support socially important initiatives. The projects focus on raising environmental awareness, environmental protection, engagement of local communities, land improvement, and landscaping.

In 2019, the Directorate excelled in the contest of socially responsible initiatives held under the World of New Opportunities programme. As a winner it received from the Company funding of RUB 4.5 mln to implement a project called "Friends of Taimyr Nature Reserves: Clean Ayan". The project aims to bring together Taimyr's volunteers to restore the environment in the central part of the Putorana Plateau as a way to preserve and enhance the region's appeal for tourists. As part of the project, in summer the local volunteering community and the Directorate collected 638 steel drums and several hundreds of kilogrammes of old metal scrap, which had accumulated around Lake Ayan. The grant allocated by Nornickel was used to transport a dedicated team by air to a hard-to-reach section of Putorana, set up a camp near the southern shore of the lake and clean the area.



Among the contest winners were also the following environmental projects:

- Eco-patrol (raising environmental awareness of the local community, primarily among children and the youth, through participation in dedicated activities) — RUB 500,000 grant
- Eco-trail, an interactive out-of-town platform within the Ol-Gul ski lodge set to become a venue for mass cultural and educational events, mostly environment-related — RUB 3.4 mln grant.

Pasvik Nature Reserve

The Pasvik State Nature Reserve is featured as one of the Wetlands for the Shadow List of Ramsar Sites under the name of Fjarvann — Schaanning's Field Base. It covers a total area of over 14,000 ha. Pasvik is the only Russian nature reserve holding the EUROPARC Federation's certificate, which is awarded to the best protected areas worldwide. Such certification is an important prerequisite for international cooperation with foreign nature reserves.

Since 2006, the Reserve has been carrying out an assessment of the natural environment in the area of Pechenganickel Plant (including Zapolyarny, Nickel and their suburbs, as well as the Pasvik State Nature Reserve), and developing a long-term environmental monitoring programme. The Reserve is also working on several projects that received grants under the World of New Opportunities charitable programme. The projects seek to reach out to Russian and Norwegian audiences and cover a variety of topics, including traditional use of natural resources, raising environmental awareness among schoolchildren, and promoting research. Nornickel supports scientific research carried out by the nature reserve, its efforts to protect natural and cultural heritage, promote tourism and environmental education. The Company also helps run an international natural historical open-air museum on the Varlam island.

In 2019, we financed the purchase of a unique mobile environmental lab.

Pasvik's Visitor Centre built with our support is an international platform for academic forums and educational activities focused on environmental protection issues.



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

Indicator	Pasvik	Lapland	Putoransky
On the IUCN Red List, of which	36	23	13
Critically Endangered (CR)	0	0	0
Endangered (EN)	1	1	1
Vulnerable (VU)	2	0	3
Near Threatened (NT)	1	0	1
Least Concern (LC)	32	22	8
On Russia's Red Data Book, of which	22	24	14
1 — Endangered	1	0	0
2 — Decreasing Number	8	11	0
3 — Rare	11	12	3
4 — Uncertain Status	1	1	8
5 — Rehabilitated and Rehabilitating	1	0	3
On the Murmansk Region's and Krasnoyarsk Territory's Red Data Books	117	165	13

Lapland State Nature Reserve

With an area of 278,000 ha, the Lapland Biosphere Reserve is one of the largest protected areas in Europe and also one of Russia's oldest nature reserves (founded in 1930). In 1985, it was included in the UNESCO Network of Biosphere Reserves.

In 2002, Kola MMC and the Lapland Biosphere Reserve signed contracts for the development of a methodology to reclaim disturbed natural environments in the areas affected by permanent emissions from Severonickel Plant and monitoring of the Monchegorsk District and the Lapland Biosphere Reserve. Research results provided a basis for further rehabilitation of disturbed lands and for sanitary and fire protection improvements in forest areas.

We supported the creation of several eco-trails, including the first eco-trail for children called "A Curious Child out in the Woods", and publication of books on the reserve founders.

We also provided aid to a socially important project called "In the Land of the Flying Stone". This is an educational exposition dedicated to the northern nature and the traditions of Sami, an ethnic minority residing on the Kola Peninsula.

Rybachy and Sredny Peninsulas Natural Park

In the Rybachy and Sredny Peninsulas Natural Park, environmental routes and information facilities are developed on the territory covering over 83,000 ha under an agreement between the Company and the Murmansk Region Government.



Trans-Baikal Territory reserves

The oak grove in the Gazimuro-Zavodsky District is Siberia's only grove of natural origin that has survived to the present day. The grove stretches 30,000 ha along the Argun River. As part of the agreement with the region's government, Nor Nickel provides financial aid in effectively protecting and exploring the ecosystems within the Relict Oaks State Reserve. We financed the acquisition of video monitoring devices and camera traps for the reserve. We also plan to help put in place research facilities and run educational programmes for children and adults.

Reproduction of aquatic bioresources

We provide annual financing for initiatives seeking to breed valuable fish species, including those listed on Russia's Red Data Book, and release them into natural water bodies. Every year, certain populations of juvenile Siberian sturgeon and grayling are released into the Yenisey River in the Krasnoyarsk Territory; Atlantic salmon is released into the Uмба River in the Murmansk Region. Specialised fish farms and research institutions are engaged in promoting these initiatives. The reporting year saw 4,000 European whitefish fingerlings released into Lake Lumbolka (Kola Peninsula) as part of an effort to artificially reproduce aquatic bioresources. From 2017 to 2019, we organised the release of some one million (201,000 in 2019 alone) juvenile Siberian sturgeon fingerlings into the Yenisey. Over the last three years, our investments in these initiatives exceeded RUB 110 mln, including RUB 23.6 mln spent in 2019. That was the largest release of valuable fish species we had ever facilitated. In 2020, we plan to carry on with breeding and release projects.

Another green project to restore and preserve fish populations will run in the Trans-Baikal Territory.



Impacts from transport operations

The Company's fleet is regularly inspected for ship safety and compliance with licence requirements by the authorities of Russian ports and ports of call, Russian Maritime Register of Shipping, Federal Service for Transport Supervision, and Rospotrebnadzor's Directorate.

The Group's transport and logistics units have all the necessary environmental permits and strictly adhere to the applicable environmental regulations by:

- ensuring that air pollutant emissions from mobile sources do not exceed the maximum permissible concentrations;
- purchasing marine fuels from vendors that have all the required documents on fuel quality as confirmed by an independent laboratory;
- certifying onboard wastewater treatment plants on an annual basis to prevent pollution and contamination of water bodies and marine environment;
- transferring oil-containing water to specialist contractors at sea ports;
- transferring waste promptly to specialist contractors for utilisation, treatment or disposal to prevent negative environmental impacts;
- treating their food waste and dry waste onboard in compliance with MARPOL 73/78.



Impacts from transport operations

Fleet	Transported products	Social and environmental responsibility	Outcome
Group's own fleet	<ul style="list-style-type: none"> • Products of the Group companies • Products procured to meet the Group's internal needs • Commercial and social cargo 	<ul style="list-style-type: none"> • Compliance with international conventions, codes, guidelines, Russian laws, regulations and requirements • Four freight-forwarding licences, all environmental permits in place • Multi-stage control from the Group companies, other transportation participants and supervisory bodies • Security and industrial health and safety management systems in place at facilities 	<p>No significant environmental impact produced by the Company's freight and personnel transportation</p>
Fleet chartered by the Group's Metal Trade Overseas	<ul style="list-style-type: none"> • Norilsk Nickel Group's products 	<ul style="list-style-type: none"> • Compliance of the fleet's environmental parameters with the requirements of international environmental conventions 	

Impacts from foreign operations

Norilsk Nickel Harjavalta has all the necessary environmental permits and operates a certified integrated management system that meets the requirements of ISO 9001, ISO 14001 and OHSAS 18001. Norilsk Nickel Harjavalta's main environmental impact consists in the emissions of ammonia (NH₃) and nickel (Ni), and discharges of nickel, sulphates (SO₄²⁻) and ammonia ions (NH₄⁺).

In 2019, Norilsk Nickel Harjavalta met all permit requirements for emissions, discharges and waste disposal volumes. Lower waste volumes resulted from switching to the Company's own feedstock, which is less contaminated with impurities as compared to third-party materials. The increase in effluents and pollutant emissions was driven by the growing output.

Environmental impact metrics of Norilsk Nickel Harjavalta

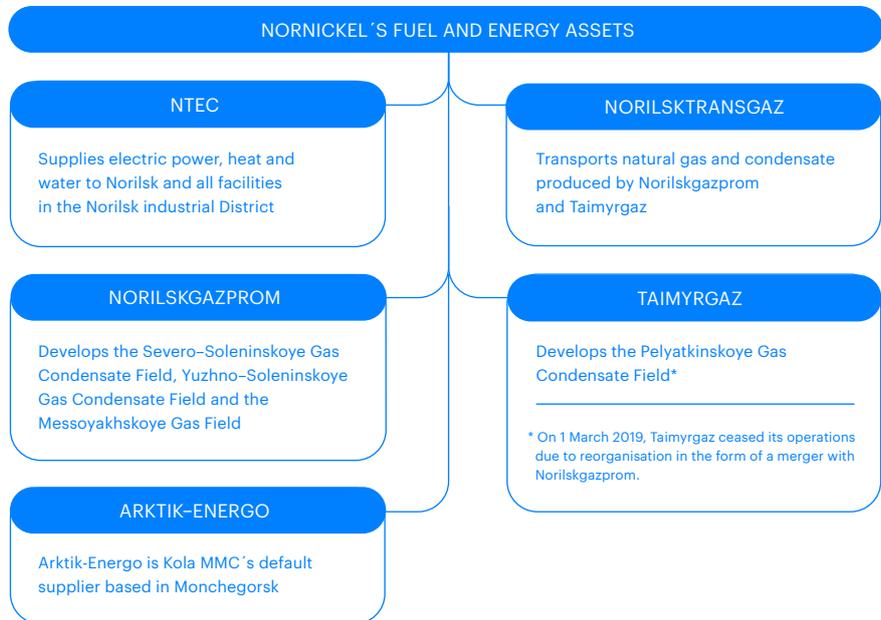
Indicator	2017	2018	2019
Industrial wastewater ('000 m ³)	899	988	961
Pollutants in industrial wastewater (t)			
• Ni	0.5	0.6	0.5
• SO ₄ ²⁻	25,853	30,189	30,497
• NH ₄ ⁺ (rebased to nitrogen)	60.3	70	62
Total water consumption (mcm)* ¹	11.1	11.8	11.5
Total air pollutant emissions (t)	70.7	85.2	39.6
• Ni	1.7	1.2	1.6
• NH ₃	69	84	38
Waste generation (kt)	5.5	2.8	5.7
Waste disposal (kt)	0.8	1.1	1.3
Power consumption (GWh)	182	209	195
Power consumption for heating/cooling (GWh)	145	150	142
Steam consumption (GWh)	235	327	230
Environmental expenses, USD mln	1.0	0.7	2.7

¹ Over 95% is water withdrawn from surface sources (Kokemaenjoki River).

Energy saving and energy efficiency

Most of our production facilities and workforce operate or live in the harsh Arctic climate. We use an integrated approach to the energy infrastructure development, combining goals of reliability improvement with those of low-carbon economy. We make continuous efforts to reduce consumption of such fuels as diesel fuel, coal and natural gas, as well as to provide our subsidiaries with reliable and efficient energy sources in the long term. [103-2](#)

Our priority renewable source of energy is hydropower generated at the Ust-Khantayskaya and Kureyskaya HPPs (491 MW and 600 MW of installed capacity, respectively). The use of other renewables such as solar, geothermal and wind energy is constrained by geographic factors, such as long polar night and unsteady wind intensity.



Energy consumption by the Group, TJ 302-1 302-3

No.	Indicator	2015	2016	2017	2018	2019
1	Fuel consumption	161,710	172,425	156,568 ¹	148,910	144,772
2	Energy from renewable sources (HPPs)	17,027	11,856	12,414	14,877	15,058
3	Electricity and heat procurement from third parties	15,528	8,968	10,483	10,931	11,331
4	Electricity and heat sales to third parties	17,918	19,882	19,503	18,926	18,766
5	Group's total energy consumption (1 + 2 + 3 - 4)	176,347	173,367	159,962	155,792	152,395
	Energy intensity, GJ / RUB mln ²	348	316	298	214	174

Fuel consumption by the Group, TJ

Indicator	2015	2016	2017	2018	2019
Fuel consumption	161,710	172,425	156,568	148,910	144,772
Natural gas	145,266	151,081	134,709	129,335	125,329
Coal	4,170	2,132	1,460	1,660	2,087
Diesel fuel and fuel oil	12,274	15,423	15,221	13,788	13,535
Gasoline and aviation fuel ³	—	3,789	5,178	4,127	3,820

¹ The 2017 figures were revised due to adjustments in the calculation methodology and actual data on diesel fuel and fuel oil consumption.

² RUB mln of consolidated revenue.

³ Consolidated data has been reported since 2016.

To achieve its energy development goals and targets, we run investment projects approved by the Investment Committee. In 2019, we continued to enhance the reliability of generating equipment, grid and gas transportation infrastructure and boost gas output.

In 2019, as part of a large-scale equipment replacement, the Ust-Khantayskaya HPP put on stream the fifth hydroelectric unit, increasing its total installed capacity to 10 MW. The new units boast better reliability and a service life of at least 50 years.

Each year, we develop and implement organisational and technical action plans to save fuel, heat, power and water.

Fuel and energy savings resulting from energy consumption reduction and energy efficiency improvement initiatives 302-4

No.	Indicator	Including			
		Polar Division	NTEC	Kola MMC	Bear Creek
1.	Total savings, TJ including:	1,955	211	956	62
1.1.	• Electricity	302	6	234	42
1.2.	• Heat in water and steam	435	162	0	20
1.3.	• Fuel including:	1,218	43	721	0
1.3.1.	• Coal	0	0	25	0
1.3.2.	• Natural gas	1,218	43	0	0
1.3.3.	• Diesel fuel and fuel oil	0	0	697	0

Regional development



RUB 192.4 bn tax and non-tax payments to budgets in 2019

Regional development

Nornickel is one of the major employers and taxpayers in Russia. The Company makes a significant contribution to the development of local communities by implementing a range of social programmes that address current and potential future issues.

Achievements

Horizons

We work with regional development institutions (most notably Norilsk Development Agency, or NDA) to build infrastructure that would enable accelerated development across our footprint. The NDA's mission is to lay the foundation for accelerated development of the city's service-based economy as a way of improving Norilsk's living standards and promoting local products and services on external markets.

Prospects

In Norilsk, we launched SME Business Navigator, a free website for entrepreneurs who want to launch a business or take it to the next level

Numbers

In 2019, we spent RUB 9.6 bn on social programmes and employee benefits.

Krasnoyarsk Territory

Area 2,366,800 sq km

Population 2,874,026 people

Mineral resources

- Oil, gas, coal, platinum and PGMs, copper, nickel, cobalt, lead, zinc, bauxite, gold, silver, iron

Industry

- Non-ferrous metallurgy
- Mining
- Solid fuel-based power and hydropower generation

Nornickel's performance in the Krasnoyarsk Territory

- Taxes and other payments: **RUB 104.2 bn**
- Headcount: **52,000**
- Average monthly salary: **RUB 112,000**
- Employee-related social expenses: **RUB 2,808.1 mln**

Key areas of cooperation with the Krasnoyarsk Territory

Economic

- Cooperation on major investment projects in the Krasnoyarsk Territory
- Heat and power supply to the communities and companies of the Norilsk Industrial District
- Implementation of the Northern Supply Haul programme in the Arctic
- Development of transport and the telecommunication infrastructure

Social

- Improvement of the existing sports infrastructure and construction of new state-of-the-art facilities in the Krasnoyarsk Territory
- Support for vocational and supplementary education
- Implementation of the World of New Opportunities programme, supporting and promoting regional public initiatives
- Construction of modern housing and utilities, city and village improvement initiatives

Environmental

- Implementation of cutting-edge green technologies
- Restoration and landscaping of urban territories
- Development of Taimyr's specially protected natural areas
- Organisation and backing of environmental campaigns

Murmansk Region

Area 144,900 sq km

Population 748,056 people

Mineral resources

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

Industry

- Mining
- Metallurgy
- Fishing

Nornickel's performance in the Murmansk Region

- Taxes and other payments: **RUB 19.9 bn**
- Headcount: **12,300**
- Average monthly salary: **RUB 86,200**
- Employee-related social expenses: **RUB 551.2 mln**

Key areas of cooperation with the Murmansk Region

Economic

- Implementation of investment projects in the region
- Development of production capacities
- Social and economic development of municipalities that are home to Kola MMC's production sites
- Development of the transport infrastructure in the Arctic

Social

- Implementation of the World of New Opportunities programme, supporting and promoting regional public initiatives
- Ensuring heat supply to communities across Kola MMC's footprint
- Development of social entrepreneurship

Environmental

- Cooperation on environmental protection, preservation of the Kola Peninsula's natural ecology and landscapes
- Promotion of tourism in the Murmansk Region
- Organisation and backing of environmental campaigns

Trans-Baikal Territory

Area 431,900 sq km

Population 1,065,785 people

Mineral resources

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

Industry

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

Nornickel's performance in the Trans-Baikal Territory

- Taxes and other payments: **RUB 3.2 bn**
- Headcount: **3,300 people**
- Average monthly salary: **RUB 97,300**
- Employee-related social expenses: **RUB 29.6 mln**

Key areas of cooperation with the Trans-Baikal Territory

Economic

- Bystrinskoye Deposit development. Over the first 10 years of Bystrinsky GOK operation, the Company plans to contribute around RUB 18 bn to the territory's budget in tax payments
- Improvement of Bystrinsky GOK's transport accessibility

Social

- Training of mining industry employees
- Support and development of the volunteer movement
- Improvement of urban areas

Environmental

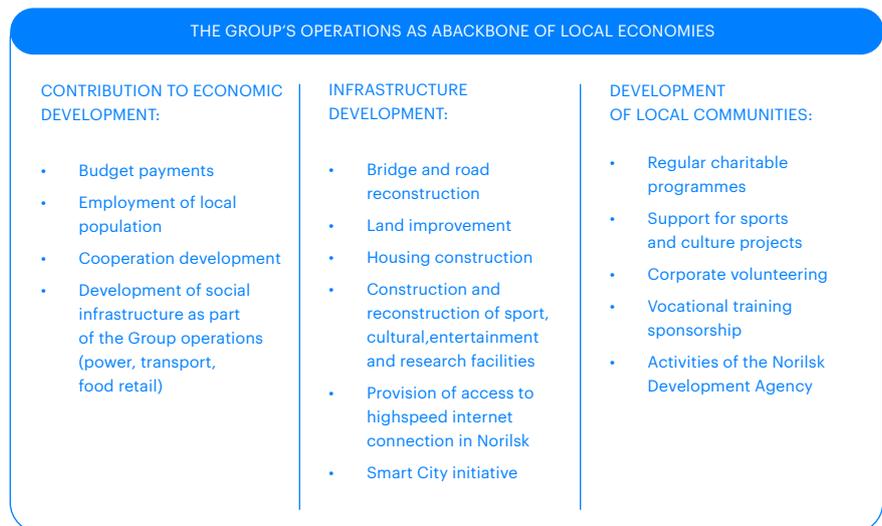
- Development of the Relict Oaks State Reserve located in the region

The Company's contribution to the development of local communities

Nornickel is one of the major employers and taxpayers in Russia¹. The Company makes a significant contribution to the development of local communities by implementing a range of social programmes that address current and potential future issues.

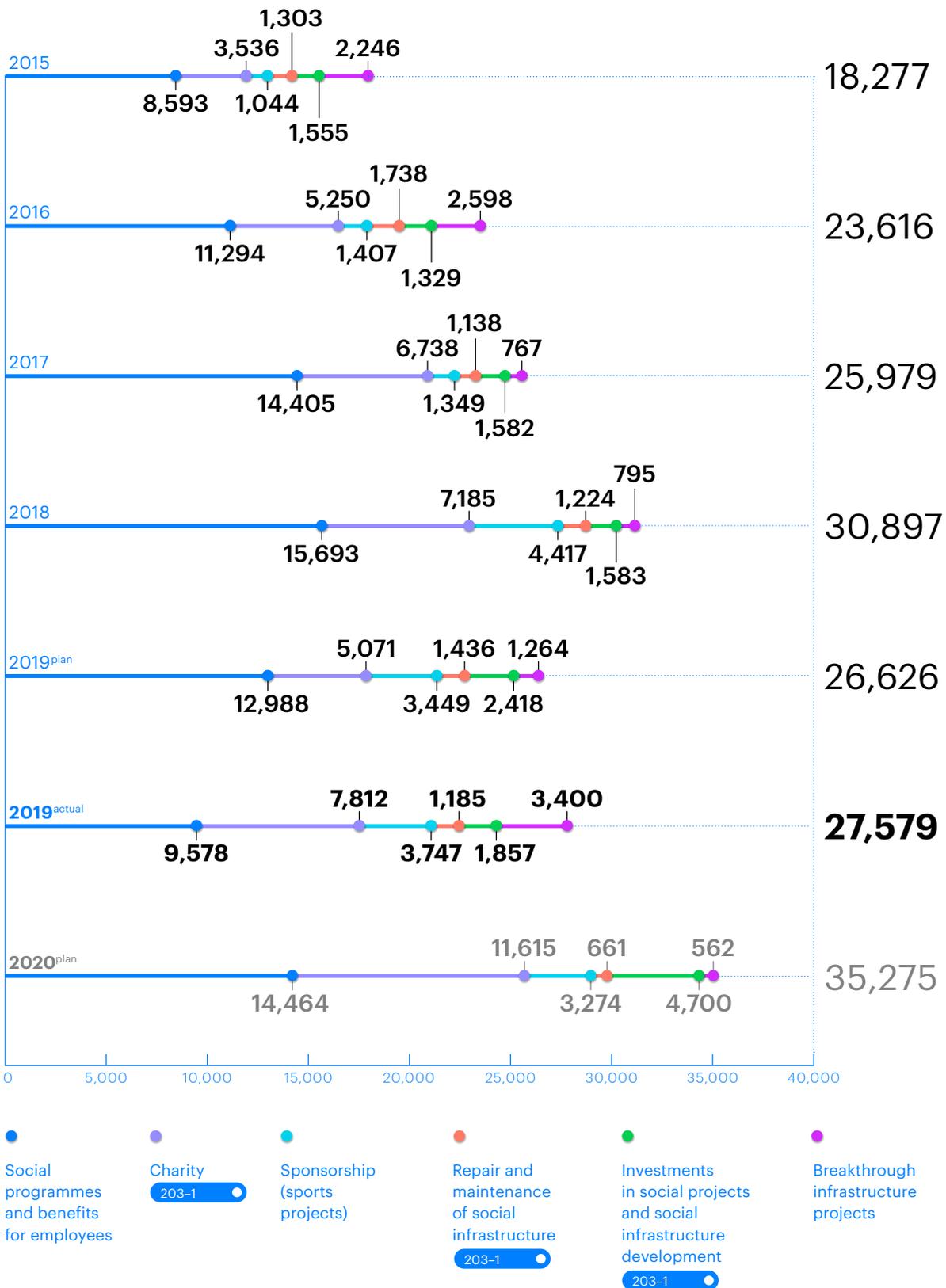
The Group's key regions of operation in Russia include the cities of Norilsk and Monchegorsk, the Taimyrsky Dolgano-Nenetsky Municipal District of the Krasnoyarsk Territory, the Pechengsky District of the Murmansk Region, the Tazovsky District of the Yamal-Nenets Autonomous Area, and the Gazimuro-Zavodsky District of the Trans-Baikal Territory. Saratov hosts Nornickel's Shared Services Centre. In the Tver Region, the Company is engaged in the construction of housing for its employees under My Home and Our Home programmes.

203-2



¹ The information presented in this section refers to the Group's Russian operations.

Spending on social, charitable and social infrastructure programmes¹, RUB mln 203-1



¹ The 2019 plan was updated in the reporting period and therefore may vary from the data presented in the 2018 Sustainability Report.

Budget payments

Changes in the tax and non-tax payments for 2019 vs 2018 were due to higher income taxes resulting from a higher taxable base.

Tax and non-tax payments¹ to local, regional and federal budgets, RUB bn

Budget	2015	2016	2017	2018	2019
Total tax and non-tax payments,	88.7	91.5	100.3	115.6	192.4
including to					
• Federal budget	11.9	14.1	14.3	18.3	31.8
• Krasnoyarsk Territory consolidated budget	43.6	41.6	47.8	55.9	104.2
• Norilsk budget	5.5	4.7	5.0	5.2	8.0
• Murmansk Region budget	8.2	7.8	8.2	10.6	19.9
• Trans-Baikal Territory budget ²	—	—	0.9	1.2	3.2

¹ Tax and non-tax payments include all taxes paid, net of VAT and dividend income tax, as well as insurance payments and customs duties.

² Payments to the Trans-Baikal Territory budget have been presented separately since 2017.

Employment of local population

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

To boost employment in Norilsk, MMC Norilsk Nickel and Norilsk Employment Centre signed an agreement aimed at retraining those out of work for the most needed blue-collar jobs.

The main target audience of career guidance events are children and young people under 35 years old. The Company builds partnerships with educational organisations and engages young workers, while also providing robust support for talented teachers, engineering training and whipping up interest in engineering and blue-collar jobs.

Nornickel also provides financial support to Norilsk's institutions of secondary and higher vocational education by buying books and specialised equipment for students, contributing to the maintenance works, and thus improving the quality of training. The Company primarily focuses on the training of specialists for the most in-demand jobs.

Unemployment in key communities¹

Unemployment rates	2018	2019	2019/2018, Δ
Norilsk	0.7%	0.6%	-0.1 p.p.
Taimyrsky Dolgano-Nenetsky Municipal District	0.9%	0.8%	-0.1 p.p.
Krasnoyarsk Territory	0.8%	0.8%	—
Monchegorsk	2.2%	2.2%	—
Zapolyarny	2.1%	2.0%	-0.1 p.p.
Nickel	2.5%	3.3%	+0.8 p.p.
Murmansk Region	1.5%	1.7%	+0.2 p.p.

¹ As at the end of the reporting year.

Cooperation development

As part of its social and economic partnership agreements, Nornickel has been cultivating cooperation with the companies of the Krasnoyarsk Territory and the Murmansk Region. Integration of local businesses into the Group's production chain (mainly through long-term contracts) contributes to the economic development of the regions, particularly by supporting small and medium-sized businesses.

Cooperation development in figures

Indicator	2018		2019	
	Krasnoyarsk Territory	Murmansk Region	Krasnoyarsk Territory	Murmansk Region
Procurement tenders for goods and services held by the Company	1,516	673	1,863	501
Locally awarded procurements as a share of tenders held by the Company, %	57.7	49.5	59.8	41.7
The Group's spending on local procurements, RUB mln	12,503.8	1,792.8	15,661.9	1,743.5
including				
• services	9,434.8	1,579.8	1,636.6	304.7
• materials	2,209.7	213	13,124.1	1,438.8
• food supplies	859.3	0	901.2	0

In 2019,
the Company spent

RUB
2.1 bn

on social infrastructure
development projects.

Infrastructure development

Nornickel is actively involved in the development and renovation of social infrastructure, looking to create accessible and comfortable environments for working and living in the regions.

A key focus in the reporting year was the continued landscaping of the Dolgoye Lake embankment in Norilsk in cooperation with the municipal authorities. The project is implemented in stages and is scheduled to complete in 2021. Its concept includes installation of sports- and playgrounds, setting up ski, roller blades, bicycles and other rentals, construction of a boat station, a café, a skate park, and a roller rink, outfitting the area with street lights and furniture, paving and landscaping. The Company has invested a total of RUB 210.7 mln in the project since its launch.

On top of that, the Company provides funding to maintain and expand the existing regular passenger and luggage bus service under Cooperation Agreement No. 88-751/16 dated 24 March 2016 (subsidising passenger bus services provided by the Norilsk Production Association for Passenger Transport). Nornickel's expenses on these initiatives totalled RUB 195.1 mln in 2019.

Podsolnukh store chain

The Podsolnukh store chain, a part of Nornickel Group, takes its fair share of the retail market in the Norilsk Industrial District with nine stores, including one hypermarket. The SKU range of the chain includes socially significant food products (vegetables, fruit, grains, dairy products, meat, canned foods, eggs, sugar, etc.) that are offered at substantially lower prices than in other regional stores. The average retail prices in the Podsolnukh store chain grew notably slower than the official inflation rate.



Key social infrastructure development projects in 2019

Region	Focus area	Projects	
Krasnoyarsk Territory	Land improvements	<ul style="list-style-type: none">• Landscaping of the Dolgoye Lake embankment in Norilsk• Routine repairs and equipment purchases for public institutions	
	Sports	<ul style="list-style-type: none">• Construction of a multi-purpose sports and recreation centre for team sports in Norilsk• Supporting Norilsk-based sports organisations and institutions (including equipment purchases); implementing sports development projects	
	Culture and education	<ul style="list-style-type: none">• Supporting Norilsk-based culture and art organisations and institutions	
	Transportation	<ul style="list-style-type: none">• Subsidising passenger bus services in Norilsk• Reconstruction of Norilsk airport	
	Housing	<ul style="list-style-type: none">• Implementation of the Comfortable Taimyr project to build housing in Tukhard, Taimyrsky Dolgano-Nentsky Municipal District	
	Society		<ul style="list-style-type: none">• Provision of free hot meals for the low-income population of Norilsk• Helping organise and run professional festivals for tundra inhabitants, the Reindeer Herder's Day and the Fisherman's Day• Supporting local organisations that help disabled or rehabilitated people• Financing summer recreation for kids from special extra-familial child care institutions• Supporting Norilsk NPOs by funding their statutory activities, hosting anniversary commemorations and festivals, forums and conferences, organising city-wide events and campaigns• Supporting a local religious organisation, the Orthodox parish of the Joy of All Who Sorrow Cathedral in Norilsk

Region	Focus area	Projects
Trans-Baikal Territory	Land improvements	<ul style="list-style-type: none"> • Completing the reconstruction of Dekabristov Square in Chita • Implementation of the Green Trans-Baikal project to create comfortable living conditions factoring in the environmental and climate aspects of the area • Implementation of projects for social and economic development of the Gazimuro-Zavodsky District
	Sports	<ul style="list-style-type: none"> • Supporting youth sports • Implementing the Future of the Trans-Baikal Territory project to promote healthy lifestyle, physical education and mass sports
	Education	<ul style="list-style-type: none"> • Launch of Quantorium, a children's high-tech park • Implementation of the Territory of Growth, and Successful School for Successful Future projects seeking young talent and aimed at developing children's potential • Renovating the 2nd floor lobby of the children's art centre
	Society	<ul style="list-style-type: none"> • The Trans-Baikal Legacy project to promote the residents' achievements and provide a positive influence on young people and the community in general, which will help engage more people in socially impactful activities, including public organisations and NPOs • "I remember, I am proud!" programme (hosting thematic exhibitions and festivities including those to celebrate the World War II Victory Day on 9 May) • Developing the Growth Trajectory youth movement and the volunteer movement and supporting creative youth projects • Erecting a memorial to the Trans-Baikal residents killed while on military duty • Completing the development of the Relict Oaks State Reserve • Supporting the Veteran Council
	Culture	<ul style="list-style-type: none"> • Trans-Baikal International Film Festival

Region	Focus area	Projects
Murmansk Region	Land improvements	<ul style="list-style-type: none"> • Reconstructing the Leningradskaya embankment in Monchegorsk • Co-funding the city road network reconstruction • Office refurbishment for the Monchegorsk Society for the Disabled • Printing house refurbishment for the regional public charity foundation BlagoDat • Festive decorations for the Monchegorsk Central District Hospital
	Society	<ul style="list-style-type: none"> • Establishing the Second School educational centre in Nickel
	Sports	<ul style="list-style-type: none"> • A multi-purpose outdoor sports ground for the Delfin sports centre
	Culture	<ul style="list-style-type: none"> • Building a modern cinema in Zapolyarny in cooperation with Russia's Cinema Foundation

Contribution to the social and economic development of Nickel

In November 2019, to ensure environmental compliance and address ecological issues in the Pechengsky District of the Murmansk Region, the Company decided to shut down its smelting facilities in the town of Nickel.

Together with district, regional and federal authorities, members of the local community, and Russia's Monotowns Development Fund, Nornickel identified the key priorities of a strategy to support continued social and economic development in the Pechengsky District, including:

- establishment of new enterprises based on traditional business models (fish processing, bakery, cheesemaking, brewing, recycling and packaging, manufacturing of construction materials, etc.);
- establishment of a diverse industrial park housing production facilities with a small environmental footprint;
- development of a service economy and tourism (opening service shops and production facilities, building tourism infrastructure, and creating world-class tourism products);
- transformation of the social and cultural environment spearheaded by the Second School Centre.



The final version of the Nickel development strategy should be adopted in 2020, with the first stage expected to require around RUB 400 mln in funding.

The establishment of the Second School Centre, a specialised development institution, was a remarkable event for Nickel.

In 2019, the Second School Centre developed into a genuinely multifunctional public space for some 500 cultural and educational projects and events encouraging social activity among the Pechengsky District population, such as:

- art exhibitions and creative meetings,
- theatrical performances,
- quiz games and intellectual competitions,
- family and children's parties.

Members of the Pechengsky District community also took part in several international social and cultural projects, including the Tromsø Christmas Market (Norway), Quiet Life exhibitions in Vardø, Kirkenes and Hellfjord (Norway), Cross-Border Cooperation Days, and the Spirit of Inari 2019 International Tourism Seminar (Finland).

Liinakhamari Port

To develop tourism in the Pechengsky District, the Company plans to build Liinakhamari Port, an integrated tourist hub that would help tourists see the sights of the Kola Peninsula and promote various types of tourism. The project's concept is based on an integrated approach to the area's development and multi-seasonal operation.

Public and private financing will be used. The project's CAPEX will amount to RUB 24.8 bn (including VAT), with Nornickel contributing RUB 10.5 bn.

The project will create over 500 jobs mostly for university graduates (HoReCa and tourist infrastructure). In total, the Pechengsky District will see more than 3,000 new jobs if we take into account the growth of related small and medium businesses.



Development of local communities

Charitable programmes

We run World of New Opportunities, a charitable programme to encourage and promote sustainable development of local communities. The programme is designed to develop soft skills in local communities, demonstrate and introduce new social technologies, support and promote public initiatives, and encourage cross-sector partnerships.

In 2019, we approved an updated, more structured and efficient version of the World of New Opportunities programme that incorporated the lessons learnt and stakeholder feedback.

Key dimensions of the World of New Opportunities programme:

Develop! — developing local territories through building partnerships;

Invent! — fostering R&D creativity and the spirit of invention;

Act! — growing the service-based economy;

Create! – putting in place infrastructure to enable accelerated development and improved quality of life across the Company's regions of operation.



In 2019, approximately 45,000 people from across the Company's regions of operation took part in the World of New Opportunities events. The key platforms were:

- We Are the City! social technologies forum;
- We Are the City! picnic;
- All-Russian Science Festival;
- Arctic Wave festival of R&D discoveries;
- IMAKE engineering marathon;
- School of Urban Competencies;
- School Break educational project;
- Imandra Viking Fest of Nordic culture;
- Rally of Social Entrepreneurs from the North.

During the reporting year, we also developed online tools for interaction with local communities and implementation of the World of New Opportunities initiatives, including a World of New Opportunities app and an online platform for placing Socially Responsible Initiatives Competition bids.

The World of New Opportunities app allows users to navigate through the programme, receive timely notifications about future events and register for them, meet other participants, download speaker and expert presentations, and take part in interactive surveys and quizzes.

The online platform for Socially Responsible Initiatives Competition¹ not only significantly simplified the bidding process, but also made bid assessment by the expert board and competition management much easier.

DEVELOP!

Socially Responsible Initiatives Competition

Each year, we stage the Socially Responsible Initiatives Competition for non-profit organisations to support public initiatives seeking to lay fertile ground for sustainable development in the regions of operation.

In 2019, financing from the Company's budget amounted to RUB 124.4 mln and covered 116 projects, including those aimed at developing volunteer movements, supporting socially vulnerable groups, implementing new child engagement techniques and technologies, performing renovation and restoration on public facilities, and so on.

¹ nncharity.ru



In autumn 2019, a new edition of the Socially Responsible Initiatives Competition saw record-high 507 project bids. 114 projects were announced as winners, with their implementation slated for March 2020.

We Are the City! social technologies forum

In 2019, Norilsk, Monchegorsk and Nickel hosted the fifth anniversary iteration of the We Are the City! social technologies forum, which brought together locals, officials, businesses and journalists. The main theme of the forum's anniversary edition was public spaces. Urbanism specialists and architects, thinkers and doers, experts from Moscow, St Petersburg, Perm, Norilsk and the Murmansk Region and other participants discussed ways to harness the communities' creativity to add colour and life to urban locations (entrances to apartment buildings, yards and streets).

The visual layout of the forum included works by local artists. The paintings of Norilsk, Monchegorsk and Nickel are the perfect illustration of ideas behind the We Are the City! event.

The forum culminated in a charitable play called «Andrey Urgant's Travel Notes about Norinickel Volunteers». The unique performance was based on true stories enacted by volunteers from among Norinickel employees. The proceeds from ticket sales worth RUB 241,440 were donated to the House with Tail animal shelter in Monchegorsk and the Giving Hope charity foundation helping stray animals in Norilsk.

We Are the City! picnic

This urban event served as a natural follow-up to the social technologies forum and its agenda of breathing a new life into public spaces, filling them with meaningful recreation opportunities. The picnic's programme consisted of seven components:

- intellect — interesting lectures and quizzes;
- movement — exciting dances and active games;
- nature — making useful items out of recycled materials and planting seeds;
- art — performances and crafts;
- sound — live music and instrument workshops;
- physical and inner strength — yoga, martial arts, water sports;
- food — culinary workshops and tastings.



Around 11,200 people attended the festive events held in Norilsk, Monchegorsk, Zapolyarny and Chita. The Company's financing amounted to RUB 27.5 mln.

School of Urban Activities

In 2019, the School of Urban Activities continued to teach committed and social-minded individuals how to organise large city-wide events. In the reporting year, the participants staged Imandra Viking Fest in Monchegorsk to celebrate Nordic culture. The event saw attendance of 6,500 people from 30 cities across five countries, and benefited from contributions of more than 10 historical re-enactment clubs from different Russian regions.

School Break educational project

During the We Are the City! social technologies forum held in February in Norilsk, we launched a new educational programme called «School Break». Its aim is to facilitate communication between children, their parents, and teachers in a joint effort to improve the education process. The project seeks to make sure that the participating teachers will pass on the newly acquired knowledge and competencies to their local schools.

In 2019, the project saw the students, their parents and teachers take part in four training modules that included public lectures, on-site internships, master classes and discussions. All in all, some 489 participants joined forces to organise events for 2,400 kids using cutting-edge interactive techniques.

Following the successful pilot in Norilsk, Zapolyarny and Nickel, the organisers decided to expand its geography in 2020 to cover educational facilities of Monchegorsk and Murmansk.

INVENT!

IMAKE engineering marathon

IMAKE aims to motivate school students to get into project work and pursue inventions. The marathon is conducted in stages, whose purpose is to grow the IMAKE Inventors League – a community of inquisitive school students ready to generate ideas and turn them into prototypes. In 2019, more than 1,000 students signed up on the marathon's website for the first stage and completed an intellectual flash game, with the winners moving on to the second stage. That one saw the participants (160 people in total) take part in a two-day engineering and scientific workshop in five cities across the Company's footprint. In January 2020, 30 winners of the marathon will go to a seven-day winter Science Camp.

¹ liga-imake.ru

Arctic Wave festival of R&D discoveries

In 2019, Norilsk and Zapolyarny hosted the fourth Arctic Wave festival with the purpose of cultivating interest in research and development among the youth, supporting creative engineering ideas and innovative thinking among schoolchildren, and demonstrating the latest domestic and global scientific achievements. There were interactive displays of various R&D discoveries and exciting chemical experiments, and insightful lectures by young Russian scientists.

One of the highlights of the 2019 festival was the Age of New Heroes hands-on exhibition. Visitors explored an improvised City of Heroes, helping its “denizens” with science-themed tasks and gaining new knowledge and skills to be finally titled New Age Heroes. That year’s event attracted over 4,500 people.

ACT!

Nornickel runs a Social Entrepreneurship course that takes the participants all the way from the development of a unique business plan to its presentation at an investment session. During the course, real businessmen assist the students with classes and homework.

Five graduates of the 2019 course were awarded RUB 26.3 mln in interest-free loans to develop the following business ideas:

- Martsin farm;
- ophthalmology room at the Zdorovaya Semya medical centre;
- Summer Snow tubing park;
- LOFT charity store;
- Dance Place studio.

In addition, the Company organises annual Rallies of Social Entrepreneurs from the North, with the 2019 iteration having taken place in Monchegorsk and centred on tourism, service and hospitality industries. Experts from these fields got together with social entrepreneurs to exchange experience in tourism management and its different facets, including attracting and retaining customers, arranging festivals, promoting industrial tourism and extreme pastimes.

CREATE!

We work with regional development institutions (most notably Norilsk Development Agency, or NDA, and Second School Centre established in the Pechengsky District in December 2019 to promote social projects) to build infrastructure that would enable accelerated development across our footprint.



The NDA's mission is to lay the foundation for accelerated development of the city's service-based economy as a way of improving Norilsk's living standards and promoting local products and services on external markets.

The Agency's key focus areas are as follows:

- Business (Norilsk as a city of developed service-based economy);
- Development (Norilsk as a city of modern selling spaces);
- Tourism (Norilsk as a city of tourists);
- Social and Cultural Projects (Norilsk as a city of rich social and cultural life).

Under the Development umbrella, in 2019 the NDA oversaw the completion of an exercise to draft an urban master plan for the next decade and the start of its implementation with the construction of a state-of-the-art city park and a public space, and the restoration of mosaic art on building façades. In the reporting year, the Norilsk master plan won the Best Territorial Planning Layout award in the International Professional Competition staged by the National Association of Members Performing Engineering Surveys and Design Documentation.

As part of the Tourism workstream, we established the Arctic tourist and recreational cluster on the Taimyr Peninsula, with the list of main attractions including the Putorana Plateau (a UNESCO World Heritage Site), Norilsk, and Dudinka.

As regards Social and Cultural Projects, we organised a number of big festivals and various other events with the overall attendance in excess of 70,000 people



Larisa Zelkova

Senior Vice President for HR, Social Policy and Public Relations

- In 2019, we continued implementing IT solutions across our social projects. For example, in Norilsk we launched SME Business Navigator, a free website for entrepreneurs who want to launch a business or take it to the next level. During the year, almost a quarter of Norilsk's SMEs registered on the website, with close to 90% of them getting legal support and business plan calculations online, as well as choosing the tax regime and applying for property and financial aid.

Social portrait of a city resident

From October 2018 to February 2019, we conducted a Social Portrait of a City Resident survey to assess the current situation in the cities and identify development priorities for the next decade. What made this survey unique was the use of computational sociology tools such as machine learning algorithms to analyse the interviewees' digital profiles.

The survey covered 8,078 residents of Norilsk, Monchegorsk, Zapolayrny and Nickel who contributed more than 33,000 ideas and proposals.

Key resident needs:

- Improved urban infrastructure and constructive dialogue on how to make the urban environment more pleasant to live in and attractive from a design perspective
- Understanding the city's development strategy and the authorities' efforts to this end
- Healthy lifestyle, illness prevention and reduction in the disease incidence rate
- Opportunities for self-fulfilment and communication with experts from various professional spheres
- Support for small and medium-sized businesses and entrepreneurship development
- Creating a shared urban design concept, landscaping and planting of greenery
- Extending pedestrian areas and walking routes
- Developing healthcare and making it more accessible
- Fostering tourism
- Improving literacy levels in local communities
- Organising diverse and appropriate leisure activities for various age groups
- Addressing environmental issues

The Company plans to take into account the collected feedback when designing production and social programmes for its employees and local residents.



Targeted charitable support

We continued providing targeted charitable donations in response to special requests from organisations. In 2014, Polar Division and Kola MMC set up dedicated charity committees to review such requests. Certain donations are also approved by the Company's management. Nornickel has traditionally supported:

- entities dealing with vulnerable groups of population (veterans of World War II, disabled people, multichild families, children with special needs, financially disadvantaged citizens),
- participation of local non-profit organisations and institutions in various sports competitions, creativity contests, etc.;
- organising and holding professional festivals for tundra inhabitants to preserve the national traditions and culture of indigenous northern minorities.

[In addition to financially supporting combat survivors, World War II veterans and former law enforcement members, we send our representatives to sit on the boards of trustees of associations and foundations running a variety of military and patriotic projects \(including as part of the Hero of the Fatherland programme\).](#)

Corporate volunteer programme

Our corporate volunteer programme aims to enhance corporate culture and social responsibility through the mutual assistance among employees and the Company's support for volunteer initiatives, charitable campaigns, and projects addressing local social issues.

The volunteers focus on promoting campaigns to support kids with special needs and their families, as well as children without parental care. They also do environmental work.

The shining example of fruitful cooperation between the business and local communities, Nornickel and its employees was the Plant of Goodness project, which helped harness and streamline the Company's expertise and its vast track record of social and environmental initiatives in a structured and efficient manner. Today, this programme is implemented across the regions of Nornickel's operations, including Norilsk, Monchegorsk, Zapolyarny, Chita and Moscow. Each year, around 500 employees volunteer as part of the Plant of Goodness project. After being volunteers for some time, our employees often come up with their own initiatives. The skills and expertise they obtain doing this kind of work help them not just in everyday life, but also in their career pursuits.



In 2019, the Plant of Goodness participants:

- did over 10,000 hours of volunteer work;
- organised more than 200 volunteer campaigns with inputs from 18,000 local residents;
- donated over RUB 4.4 mln of personal funds towards charity.

One of the largest and most important projects of the programme is the Let's Do It! environmental marathon. Having started out as just a series of clean-up days, the marathon has come to include environmental awareness initiatives in addition to urban improvement activities. Over its history, the number of participants grew exponentially — from 100 to approximately 17,000. Some of the most exciting events of Let's Do It! included:

- large-scale environmental festival comprising a give-away shop, lecture club, and a venue to exchange plastic for environmentally friendly products;
- urban improvement of a number of city spaces, including through the use of recycled materials;
- new workshop on plastic recycling, where anyone could make use of a shredding machine and a furnace to craft something useful out of bottles and caps they have collected.



— Our environmental project goals include landscaping and installation of a greenhouse and our own weather station, as we plan to engage children in research activities. We are happy to have volunteers from Nornickel's Plant of Goodness lend us a hand in that.

Ekaterina Protsiv

Head of the Department for Social Rehabilitation of Underage Children at the Pechenga Comprehensive Social Support Centre.

Also, the 2019 environmental marathon saw a variety of environmental awareness raising events, clean-up days, and other volunteer initiatives. One of the new formats we tried during the reporting year was Guide for the People. The campaign's participants took people on partially interactive excursions and developed quests to acquaint local residents with unusual environmental projects and topics.

At the start of 2019, we launched Employees' Personal Donation Programme as part of the Plant of Goodness corporate volunteering project, which saw employees contribute money to those in need of emergency care. The recipients ranged from the region's residents with expensive medical bills to non-profit organisations helping kids, the disabled, seniors, or animals. Once the employees were done donating money for each specific initiative, the Company added its own budget funds on top of that. In that way, the personal donation programme showed how much could be achieved when individuals and the Company join their efforts.

Another highlight of the Plant of Goodness was its final 2019 event — the I am volunteer! family festival in Norilsk. It had 20 interactive sites and various master classes. The attending animal shelter organisations were able to collect 45 kg of animal food from the sympathising citizens. One of the most vibrant sights was provided by hospital clowns, who gave young patients the proverbial best medicine in the form of laughter. In total, 400 Norilsk residents attended the family festival. In just three hours, nearly 50 people showed interest in joining the Plant of Goodness programme.

In 2019, we released a documentary on the Company's volunteering activities called "Caring"¹, which won prizes at Cannes Corporate Media & TV Awards 2020 and Los Angeles Film Awards.

¹ You can view the film at https://www.youtube.com/watch?v=cYTf2VJ_ohE

Support for sports projects

As an active supporter of sports, Nornickel sponsors major Russian and international sports organisations and provides financing for the upgrade of sports facilities, construction of sports schools and playgrounds.

Support of sports organisations and competitions

	Russian Olympic Committee	Partner
	International University Sports Federation (FISU)	Partner
	Russian Futsal Association	General partner
	Norilsk Nickel Futsal Club	General sponsor
	Ice Hockey Federation of Russia	General partner
	Night Hockey League	General partner
	CSKA professional basketball club	General sponsor
	Russian Curling Federation	General partner
	WCT Arctic Curling Cup international competition	General partner
	All Russian Federation of Dance Sport and Acrobatic Rock'n'Roll	Partner
	Rosgonki and Sochi Autodrom	Partner





In total, we
contributed
in excess of
RUB
2.4 bn
to the 2019 Winter
Universiade.

29th International Winter Universiade in Krasnoyarsk

In March 2019, Krasnoyarsk hosted the 29th International Winter Universiade.

As the general partner of this global sports event, we honoured the full scope of our responsibilities and commitments concerning its preparation and staging.

In total, we contributed in excess of RUB 2.4 bn to the 2019 Winter Universiade.

Nornickel's role in the organisation of the universiade was highly praised by international federations, participating nations, the event's managers and top officials of the Russian Federation. We also received a number of high-profile awards for our work (Regional Development. Best for Russia, Sport Leaders, BISPO Awards, Russia's Best Social Projects, MARSPO Awards). The Company's support for the universiade helped boost the international image of the Krasnoyarsk Territory and its capital, promote healthy lifestyles and mass sports, and enhance living standards in the region.

In addition to financial and infrastructure support, we assumed additional obligations, including staff training, own volunteering programme, and helping the world discover the new image of modern Siberia.

In the run-up to the Winter Universiade, the Company completed a large-scale upgrade of the Bobrovoy Log Fun Park. We built an up-to-the-minute athletic training facility equipped with a broadcasting system, developed an integrated security system in line with Russian and international standards, expanded the ski pistes and made an additional practice track, upgraded the artificial snow machinery, prepared an ambulance helicopter pad, and purchased the necessary competition equipment.

Following the universiade, the Bobrovoy Log Fun Park will not be brought under the public ownership. Its maintenance and further use will continue to be financed by Nornickel, adding to its long history of creating and managing multifunctional and specialised sports complexes. The new athletic training facility is already being used for basketball and futsal games and competitions.

To top it off, we did extensive work promoting the 2019 Winter Universiade in the Russian and overseas media.

With information support from the Euronews channel, we implemented the cross-cultural programme FOLLOW UP SIBERIA. Winners of an online creativity contest were given a unique opportunity to visit the cities of Siberia and the 2019 Winter Universiade and tell the world about the region. People from 53 countries joined the online contest during the project, with 33 photographers and travel bloggers from 19 countries taking a tour across Siberia.



Nornickel Futsal Cup — New Hopes

For the second year running, we organised Nornickel Cup — New Hopes, an inter-regional tournament that brought together youth teams from the Krasnoyarsk and Trans-Baikal Territories and the Murmansk Region. The winners received cups and diplomas, while the rest got memorable souvenirs.



International University Sports Federation

We supported the International University Sports Federation (FISU) that manages university games, thus sponsoring the international university sports movement. In September 2019, we helped organise the now traditional FISU Volunteer Leaders Academy international forum, which brought together leaders of the volunteer movement from 80 countries, representatives of sports delegations and university sports officials. The forum was held to facilitate communication between volunteers and national university sports federations, and share knowledge and experience in organising large international sports events such as the 2019 Winter Universiade in Krasnoyarsk.



Russian Olympic Committee

As a partner of the Russian Olympic Committee and the Russian Olympic team, we support youth and high performance sports, including by allocating a total of over RUB 1 bn for the implementation of Olympic educational programmes developed by the Russian International Olympic University.



Ice Hockey Federation of Russia

Under our partnership agreement with the Ice Hockey Federation of Russia, we support the development of the Red Machine national programme for comprehensive hockey training and coaching of the Russian national hockey teams for the 24th Olympic Games to be held in Beijing (China) in 2022. Another important dimension of this cooperation is the promotion of social and sports programmes in the cities across the Company's regions of operation.



CSKA professional basketball club

We continue to provide support to CSKA, Russia's most successful and well-known basketball club. In 2019, CSKA came out as a winner in the VTB United League and for the fourth time triumphed in the EuroLeague's Final Four, the most prestigious competition on the continent.



All Russian Federation of Dance Sport and Acrobatic Rock'n'Roll

In 2019, we supported the All Russian Federation of Dance Sport and Acrobatic Rock'n'Roll in developing and promoting these sports. As part of the partnership, we helped grow the corporate acrobatic rock'n'roll club in Norilsk that continues to shine in the nationwide and regional competitions.



Rosgonki and Sochi Autodrom



In 2019, we continued our partnership with Rosgonki and Sochi Autodrom to support and promote motor racing in Russia. Rosgonki is an autonomous non-profit organisation and an official organiser of the prestigious Formula One circuit race in Russia.

Support for cultural projects and initiatives

The social and cultural projects implemented across our footprint help acquaint the Company's employees, their families and local residents with the Russian cultural agenda, narrowing the gap between their quality of life and that of the people from big cities in the "mainland". The Company rolls out its partnership programmes in cooperation with the Norilsk Development Agency and the Second School Centre, as well as through sponsorship projects.

While playing a key role in corporate events and competitions attracting tens of thousands of employees and their families each year, the Company also supports prominent all-Russian cultural projects. In 2019, such projects included:

- Follow up Siberia!, an international cross-cultural initiative in support of the 29th International Winter Universiade in 2019, and its sequel — FusioNNow;
- Living Classics young readers competition;
- Golden Mask festival, the main annual theatrical event in Russia where Nor Nickel acted as a sponsor;
- 4th Taburetka International Literature Festival (Monchegorsk);
- Media School in the Polar region, an event helping schoolchildren from across our regions of operation acquire new knowledge and skills and prepare for creative competitions and university entrance exams;
- Robonickel robotics school;
- a large-scale cultural and historical project titled "Conquering of the North: a Millennium of Success", which was held across Russian northern territories with inputs from the leading historians and local museums;
- launch of Nor Nickel's play space in the Kidzania educational theme park where children can try out more than 100 professions.

In addition to local museums near our production sites, we support federal museums, such as the Moscow Multimedia Art Museum, and hold our own exhibitions. In 2019, the All-Russian Decorative Art Museum hosted the "Taimyr. Genius Loci" exhibition, which enjoyed remarkable success.

[Follow Up Siberia! won the Eventiada IPRA Golden World Awards and received a prize in the "Projects from Russia" category at European Excellence Awards 2019, one of the leading international awards for PR and communications.](#)



Assessment of social programmes

103-2 ● 103-3 ●

We have a comprehensive assessment system for social programmes and projects in place. The key criterion used to select social projects for implementation is their social impact, i.e. effects they have on various aspects of life and society. The social impact is assessed throughout the life cycle of the programme or project implemented and upon their completion.

Some of the principal assessment tools are target audience surveys and polls that provide information on stakeholder opinions, for example:

- assessment of social climate in teams through designated meetings on social and labour issues;
- annual employee engagement surveys;
- annual polls among social programme participants (health resort treatment, children's vacation, corporate gifts programmes, cultural, entertainment and sports events).

Assessment of public-private partnership projects

Project/agreement life cycle stages

	Strategy	Plan	Implementation	Follow-up
Social impact	★	★	★	★
Efficiency for the Company	★	★	★	★
Top management involvement in impact assessment	Review by Board of Directors and Management Board	Review by Management Board's Budget Committee	Annual reporting	Report to Management Board on implementation and impact
Assessment of regional-level impact	★	★	★	★
Assessment of project-level impact	★	★	★	★
Integration in KPIs	★		★	

In addition, we assess actual performance indicators vs targets set out in the programme specifications or social and economic cooperation agreements. This applies to the regular efficiency and performance assessment of:

- My Home/Our Home and Corporate Subsidised Loan housing programmes;
- World of New Opportunities charitable programme;
- social projects entitled to the Company's grants (both at the financing decision stage and during the implementation).

We also produce a monthly report on the social climate in the regions of operations and participate in competitions to have our initiatives independently assessed and publicly recognised.

Public-private partnerships are assessed at different management levels to support optimal sustainability decisions in the regions where the Company operates.

Transport accessibility

With our reliable state-of-the-art transport infrastructure, we are capable of meeting any freight logistics challenges and ensures continuity and sustainability of operations and well-being of local communities.

Our dry cargo fleet provides year-round freight shipping services between Dudinka, Murmansk, Arkhangelsk, Rotterdam, and Hamburg sea ports. For seven months a year, we transport the bulk of socially important cargoes for the Norilsk Industrial District. In 2019, dry cargo transported by our fleet amounted to 1.5 mt, up 7% year-on-year.

The Yenisey tanker is used to carry gas condensate, a by-product of gas extraction at the Pelyatkinskoye Field developed by Nor Nickel, to European ports and other destinations. This way we help reduce pollution from these by-products and improve local environment.

The Company and other companies of the Group handle cargo in the ports of Dudinka, Murmansk, Lesosibirsk and Krasnoyarsk.



Dudinka Port (Polar Transport Division) is the world's only port flooded every year during spring high water and accessible by both sea and river vessels. In 2019, its cargo turnover totalled 3.4 mt, including more than 0.35 kt of socially important shipments.

Bystrinsky Transport Division is responsible for the operation and maintenance of the 227 km Naryn (Borzya) — Gazimursky Zavod railway line (Trans-Baikal Territory).

YRSC transports socially important cargoes to destinations across the Krasnoyarsk Territory. During the short period of spring floods, it delivers fuels and lubricants, food and other goods to locations with limited transport accessibility on the Podkamennaya and Nizhnyaya Tunguska rivers and in other areas, including Dikson, Russia's northernmost settlement. The shipping company operates its own search and rescue fleet and takes part in emergency response missions on internal water routes of the Yenisey Basin.

Murmansk Transport Division is responsible for local shipments in the lower reaches of Yenisey, to the north of Dudinka Port. Dudinka Port receives foods and delivers socially important cargoes for local residents, including indigenous peoples of the North, ships cargoes for the EMERCOM and transports residents of remote coastal areas.

Destinations covered by NordStar Airlines include more than 30 Russian and CIS cities. With passenger traffic in excess of 1 million people per year, NordStar operates year-round direct flights from Norilsk to over 10 destinations in Russia and annually reaffirms its status of a major domestic air carrier. In 2019, NordStar carried 1.3 million passengers. It offers regular and charter flights and transports passengers to interregional budget subsidised destinations, with tickets sold at reduced tariffs.



Norilsk Avia is the only air operator capable of responding to both industrial and social emergencies in the region (Norilsk Industrial District and Taimyrsky Dolgano-Nenetsky Municipal District). The Company meets regional demand for passenger and commercial traffic, including emergency ambulance flights as part of search and rescue operations within a range of up to 280 km from Norilsk Airport. According to regulations, emergency flights are a mandatory condition for all air transportation services in the region, including long-haul flights.

In 2018, Norilsk (Alykel) Airport saw the upgrade of its runway finally completed during the third construction season. In 2019, we helped the airport build a patrol road, fencing, engineering infrastructure and communication networks as part of the public-private partnership formalised in the Memorandum of Intent between MMC Norilsk Nickel and the Federal Air Transport Agency. Concrete works related to the apron renovation were 95% complete as at the end of the reporting period.



Awards and accolades

Awards of MMC Norilsk Nickel

Investment case

- The world's largest nickel producer among private companies in Q1 2019, according to RIA Rating;
- Upgrade of Nor Nickel's credit rating to Baa3 (investment grade) by Moody's, with the outlook raised from stable to positive;
- Top rankings in the annual Exel Survey of investors in the following categories: Metals & Mining, CEO for Investor Relations, CFOs best for Investor Relations, Best IR professionals.

Environment

- Winner of the Business Leaders: Environmental Expenses category by RAEX rating agency;
- Snob magazine's "Made in Russia 2019" award in the Environment category (support of environmental activities and operations upgrade).

Society

- President's Award for the successful construction of Bystrinsky GOK in the Trans-Baikal Territory (21 employees awarded);
- Reaffirmed leadership in the Responsibility and Transparency and Sustainable Development Vector indices from the Russian Union of Industrialists and Entrepreneurs;
- First prize for the social investment programme in the Leaders of Corporate Philanthropy in the Sustainable Development Paradigm competition organised by the Russian Donors Forum, PwC and the Vedomosti newspaper;
- Forbes Global 2000: The World's Best Employers ranking (first among Russian companies, 36th among the top 2000 employers globally; the only Russian company to make it to the Top 100 list);
- No. 1 in the Forbes Russia Top 50 employers list;
- No. 1 employer in the metals and mining industry (Business and Engineering/ Natural Sciences) according to Universum's global ranking of Russia's most attractive employers.
- Fourth place in the list of Russia's Top 100 Employers by HeadHunter;



- No. 1 in the Digital Media & Tools category of the Digital Communications AWARDS (for the JoinUniversiada online contest);
- No. 2 in the Best Internal Communications Project category at InterComm 2019;
- HR Brand of the Year award by HeadHunter (third place in the Capital category with the online game Nickel Code);
- International WOW!HR accolade in the Be Cool category (for the Nornickel Contributes to Engineering Future project);
- GRADUATE AWARDS 2019 (second place for the Best Schoolchildren Engagement Programme);
- Russia's Best Social Project award in the Improvement of Living Conditions and Sports and Healthy Lifestyle Promotion categories;
- Cannes Corporate Media & TV Awards (a silver award for Caring, a documentary about Nornickel volunteers);
- Third All-Russian Keyword award (winner in the Socially Responsible Business category).

Non-financial reporting

- Winner of the Moscow Exchange's Annual Report Competition (the 2018 Sustainability Report named Best CSR and Sustainability Report);
- Russian Union of Industrialists and Entrepreneurs award for recognising compliance of corporate goals, objectives and results with the Sustainable Development Goals of the UN 2030 Agenda in the Company reporting;
- Visionaries. Change Management award (winner in the Best Environmental Impact Disclosure category);
- Vision Awards by the League of American Communications Professionals (Nornickel's Sustainability Report ranked in the Top 100).



Innovations

- Global CIO Project of the Year Award (Nornickel R&D Digital Lab awarded for the Short Circuit Diagnostics During Electrolysis project);
- MineDigital Competition, MINEX Russia 2019 (Nornickel Digital Lab awarded for the Conveyor Contaminant Identification and Smart Tailing Dump projects);
- First place and a gold award in the Business Transformation Category at SAP Quality Awards 2019 in the CIS region for rolling out SAP ERP across operations in the Norilsk Industrial District;
- Fourth International SAP Metals and Mining Summit (award for the First Master Data Management Innovation);
- Digital Pyramid award in the Chief Digital Officer (CDO) category;
- 47th International Exhibition of Inventions Geneva (first places taken by the winners of Nornickel's young inventors competition I Make 2018 from Dudinka and Nickel).

Awards of the Group companies

- Fifth Russian Hospitality Awards (Zapolyarye Health Resort named Best Medical Hotel 2018);
- Another champion title in the EuroLeague (top-tier European professional basketball club competition) won by CSKA Basketball Club.



Appendices



GRI standard	Indicator number	Indicator	Page	Excluded information/comments	UN sustainable development goal	RSPP Reference Performance Indicator	ISO 26000:2010
GRI 101: Foundation (2016)¹							
GRI 102: General Disclosures (2016)	Organisational profile						
	102-1	Name of the organisation	9	—	—	—	—
	102-2	Activities, brands, products, and services	9, 106	—	—	—	—
	102-3	Location of headquarters	311	—	—	—	—
	102-4	Location of operations	10-11,108	—	—	—	—
	102-5	Ownership and legal form	82	—	—	—	—
	102-6	Markets served	108,110	—	—	—	—
	102-7	Scale of the organisation	7	2019 Consolidated Financial Statements: www.nornickel.com/ Investors / Reports and Results	—	—	—
	102-8	Information on employees and other workers	134	—	8	3.1.1.	Labour practices
	102-9	Supply chain	96	—	—	—	Fair operating practices
	102-10	Significant changes to the organisation and its supply chain	82	2019 Consolidated Financial Statements: www.nornickel.com/ Investors / Reports and Results	—	—	—
	102-11	Precautionary principle or approach	193	—	—	—	Environment
	102-12	External initiatives	22, 23	—	—	1.1	Organisational governance
102-13	Memberships of associations	22, 23	—	—	—	—	

¹ See the About the Report section.

GRI standard	Indicator number	Indicator	Page	Excluded information/comments	UN sustainable development goal	RSPP Reference Performance Indicator	ISO 26000:2010
Strategy							
102–14		Statement from senior decision-maker	5	—	—	—	—
102–15		Key impacts, risks, and opportunities	24, 61	—	—	—	—
Ethics and integrity							
102–16		Values, principles, standards, and norms of behaviour	16	—	16	—	—
102–17		Mechanisms for advice and concerns about ethics	186	Code of Business Conduct of MMC Norilsk Nickel (page 13): www.nornickel.com/Investors/Internal Documents and Policies	—	—	—
Corporate governance							
102–18		Governance structure	44, 48	—	—	—	—
102–19		Delegating authority	45	—	—	—	—
102–20		Executive-level responsibility for economic, environmental, and social topics	44, 45, 48	—	—	—	—
102–21		Consulting stakeholders on economic, environmental, and social topics	45, 76	—	16	—	—
102–22		Composition of the highest governance body and its committees	—	2019 Annual Report: www.nornickel.com/ Investors / Reports and Results / 2019	5, 16	3.1.12.	—
102–23		Chair of the highest governance body	—	2019 Annual Report: www.nornickel.com/ Investors / Reports and Results / 2019	16	—	—
102–24		Nominating and selecting the highest governance body	—	2019 Annual Report: www.nornickel.com/ Investors / Reports and Results / 2019 Policy for Development and Approval of Voting Recommendations in respect of Candidates to the Board of Directors of MMC Norilsk Nickel (pages 3–5): www.nornickel.com Investors / Internal Documents and Policies	5, 16	—	—
102–25		Conflicts of interest	43	2019 Annual Report: www.nornickel.com/ Investors / Reports and Results / 2019	16	—	—
102–26		Role of highest governance body in setting purpose, values, and strategy	43	—	—	—	—
102–27		Collective knowledge of highest governance body	44	—	4	—	—

GRI standard	Indicator number	Indicator	Page	Excluded information/comments	UN sustainable development goal	RSPP Reference Performance Indicator	ISO 26000:2010
	102–28	Evaluating the highest governance body's performance	44	2019 Annual Report: www.nornickel.com/ Investors / Reports and Results / 2019	—	—	—
	102–29	Identifying and managing economic, environmental, and social impacts	45, 55	—	16	—	—
	102–30	Effectiveness of risk management processes	54, 55, 191	—	—	—	—
	102–31	Review of economic, environmental, and social topics	45	—	—	—	—
	102–32	Highest governance body's role in sustainability reporting	2	—	—	—	—
	102–33	Communicating critical concerns	45	—	—	—	—
	102–34	Nature and total number of critical concerns	45	—	—	—	—
	102–35	Remuneration policies	49	—	—	—	—
	102–36	Process for determining remuneration	49	—	—	—	—
	102–37	Stakeholders' involvement in remuneration	49	—	16	—	—
	102–38	Annual total compensation ratio	—	Not disclosed for personal data protection reasons	—	—	—
	102–39	Percentage increase in annual total compensation ratio	—	—	—	—	—
	Stakeholder engagement						
	102–40	List of stakeholder groups	76	—	—	—	—
	102–41	Collective bargaining agreements	138	—	8	3.1.4.	Labour practices
	102–42	Identifying and selecting stakeholders	76	—	—	—	—
	102–43	Approach to stakeholder engagement	76, 94	—	—	—	—
	102–44	Key topics and concerns raised	78, 305	—	—	—	—
	Reporting practice						
	102–45	Entities included in the consolidated financial statements	—	2019 Consolidated Financial Statements: www.nornickel.com/ Investors / Reports and Results	—	—	—
	102–46	Defining report content and topic boundaries	2, 94, 281, 282	—	—	—	—
	102–47	List of material topics	—	—	—	—	—
	102–48	Restatements of information	2	—	—	—	—

GRI standard	Indicator number	Indicator	Page	Excluded information/comments	UN sustainable development goal	RSPP Reference Performance Indicator	ISO 26000:2010
	102–49	Changes in reporting	2	None	—	—	—
	102–50	Reporting period	2	—	—	—	—
	102–51	Date of most recent report	—	May 2019	—	—	—
	102–52	Reporting cycle	—	Annual	—	—	—
	102–53	Contact point for questions regarding the report	311	—	—	—	—
	102–54	Claims of reporting in accordance with the GRI Standards	2	—	—	—	—
	102–55	GRI content index	268	—	—	—	—
	102–56	External assurance	2, 307, 310	—	—	—	—
Economic performance							
GRI 103: Management Approach 2016	103–1	Material topics and boundaries		See also the Scope of Data Collection appendix in the interactive version of the Report	—	—	—
	103–2	The management approach and its components		—	1, 5, 8, 16	—	Fair operating practices
	103–3	Evaluation of the management approach		—	—	—	—
GRI 201: Economic Performance (2016)	201–1	Direct economic value generated and distributed	73	—	7, 8, 9	1.2 1.3 1.4 1.6. 1.7.	
	201–2	Financial implications and other risks and opportunities due to climate change	60, 191, 203	Risks posed by climate change are not measured financially	13	—	Environment
	201–3	Defined benefit plan obligations and other retirement plans	155	—	—	1.8.	—
	201–4	Financial assistance received from government	—	The Group did not receive significant government grants for the 12 months ended 31 December 2019	—	—	Fair operating practices
Market presence							
GRI 103: Management Approach 2016	103–1	Material topics and boundaries		See also the Scope of Data Collection appendix in the interactive version of the Report	—	—	—
	103–2	The management approach and its components		—	1, 5, 8, 16	—	Fair operating practices
	103–3	Evaluation of the management approach		—	—	—	—

GRI standard	Indicator number	Indicator	Page	Excluded information/comments	UN sustainable development goal	RSPP Reference Performance Indicator	ISO 26000:2010
GRI 202: Market Presence (2016)	202—1	Ratios of standard entry level wage by gender compared to local minimum wage	142	—	1, 5, 8	—	—
	202—2	Proportion of senior management hired from the local community	137	—	8	—	—
Indirect economic impacts							Engagement in the life of communities and their development
GRI 103: Management Approach 2016	103—1	Material topics and boundaries		See also the Scope of Data Collection appendix in the interactive version of the Report	—	—	—
	103—2	The management approach and its components		—	1, 5, 8, 16	—	Fair operating practices
	103—3	Evaluation of the management approach		—	—	—	—
GRI 203: Indirect Economic Impacts (2016)	203—1	Infrastructure investments and services supported	236	—	2, 5, 7, 9, 11	—	—
	203—2	Significant indirect economic impacts	235	—	1, 2, 3, 8, 10, 17	—	—
Anti-corruption practices							Fair operating practices
GRI 103: Management Approach 2016	103—1	Material topics and boundaries		See also the Scope of Data Collection appendix in the interactive version of the Report	—	—	—
	103—2	The management approach and its components		—	16	—	Fair operating practices
	103—3	Evaluation of the management approach		—	—	—	—
GRI 205: Anti-corruption (2016)	205—1	Operations assessed for risks related to corruption	182	—	16	—	—
	205—2	Communication and training about anti-corruption policies and procedures	182, 184	—	16	—	—
	205—3	Confirmed incidents of corruption and actions taken	—	None	16	—	—

GRI standard	Indicator number	Indicator	Page	Excluded information/comments	UN sustainable development goal	RSPP Reference Performance Indicator	ISO 26000:2010
Energy							Environment
GRI 103: Management Approach 2016	103—1	Material topics and boundaries		See also the Scope of Data Collection appendix in the interactive version of the Report	—	—	—
	103—2	The management approach and its components		—	16	2.12	Fair operating practices
	103—3	Evaluation of the management approach		—	—	—	—
GRI 302: Energy (2016)	302—1	Energy consumption within the organisation	228, 290	—	7, 8, 12, 13	2.2.	—
	302—2	Energy consumption outside of the organisation	—	Reporting not required by law	7, 8, 12, 13	—	—
	302—3	Energy intensity	228	—	7, 8, 12, 13	2.2.1.	—
	302—4	Reduction of energy consumption	229	2019 Annual Report: www.nornickel.com/ Investors / Reports and Results / 2019	7, 8, 12, 13	—	—
	302—5	Reductions in energy requirements of products and services	—	Not applicable to the Company's products	7, 8, 12, 13	—	—
Water							Environment
GRI 103: Management Approach 2016	103—1	Material topics and boundaries		See also the Scope of Data Collection appendix in the interactive version of the Report	—	—	—
	103—2	The management approach and its components		—	16	2.12	Fair operating practices
	103—3	Evaluation of the management approach		—	—	—	—
GRI 303: Water (2016)	303—1	Water withdrawal by source	207, 283	—	6	2.3.	—
	303—2	Water sources significantly affected by withdrawal of water	284	—	6	—	—
	303—3	Water recycled and reused	285	—	6, 8, 12	2.4.	—
Biodiversity							Environment
GRI 103: Management Approach 2016	103—1	Material topics and boundaries		See also the Scope of Data Collection appendix in the interactive version of the Report	—	—	—
	103—2	The management approach and its components		—	16	2.12	Fair operating practices
	103—3	Evaluation of the management approach		—	—	—	—

GRI standard	Indicator number	Indicator	Page	Excluded information/comments	UN sustainable development goal	RSPP Reference Performance Indicator	ISO 26000:2010
GRI 304: Biodiversity (2016)	304—1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	219	—	6, 14, 15	—	—
	304—2	Significant impacts of activities, products, and services on biodiversity	219	—	6, 14, 15	—	—
	304—3	Habitats protected or restored	218	—	6, 14, 15	—	—
	304—4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	221	—	6, 14, 15	—	—
—	MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated	218	—	3, 12, 14, 15		
—	MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place	—	There are no such sites	6, 14, 15		
Emissions							Environment
GRI 103: Management Approach 2016	103—1	Material topics and boundaries		See also the Scope of Data Collection appendix in the interactive version of the Report	—	—	—
	103—2	The management approach and its components		—	16	2.12	Fair operating practices
	103—3	Evaluation of the management approach		—	—	—	—
GRI 305: Emissions (2016)	305—1	Direct (Scope 1) GHG emissions	204	—	3, 12, 13, 14, 15	—	—
	305—2	Energy indirect (Scope 2) GHG emissions	—	—	3, 12, 13, 14, 15	—	—
	305—3	Other indirect (Scope 3) GHG emissions	—	—	3, 12, 13, 14, 15	—	—
	305—4	GHG emissions intensity	204	—	13, 14, 15	—	—
	305—5	Reduction of GHG emissions	—	The Company did not assess the effect of its initiatives on the reduction of GHG emissions. Such assessment is not required by law	13, 14, 15	—	—
	305—6	Emissions of ozone-depleting substances (ODS)	206	None	3, 12, 13	—	—
	305—7	Nitrogen oxides (NO _x), sulphur oxides (SO _x), and other significant air emissions	199, 287	—	3, 12, 13, 14, 15	2.6.	—

GRI standard	Indicator number	Indicator	Page	Excluded information/comments	UN sustainable development goal	RSPP Reference Performance Indicator	ISO 26000:2010
Effluents and waste							Environment
GRI 103: Management Approach 2016	103—1	Material topics and boundaries		See also the Scope of Data Collection appendix in the interactive version of the Report	—	—	—
	103—2	The management approach and its components		—	16	2.12	Fair operating practices
	103—3	Evaluation of the management approach		—	—	—	—
GRI 306: Effluents and Waste (2016)	306—1	Water discharge by quality and destination	210, 286	—	3, 6, 12, 14	2.7. 2.7.2.	—
	306—2	Waste by type and disposal method	212, 288	—	3, 6, 12	2.8.	—
	306—3	Significant spills	—	None	3, 6, 12, 14, 15	2.9.	—
	306—4	Transport of hazardous waste	—	There are no such waste or waste transportation	3, 12	—	—
	306—5	Water bodies affected by water discharges and/or runoff	206, 284	—	6, 15	—	—
Environmental compliance							Environment
GRI 103: Management Approach 2016	103—1	Material topics and boundaries		See also the Scope of Data Collection appendix in the interactive version of the Report	—	—	—
	103—2	The management approach and its components		—	16	2.12	Fair operating practices
	103—3	Evaluation of the management approach		—	—	—	—
GRI 307: Environmental Compliance (2016)	307—1	Non-compliance with environmental laws and regulations	72, 194	—	16	2.10.	—
Supplier environmental assessment							Environment
GRI 103: Management Approach 2016	103—1	Material topics and boundaries		See also the Scope of Data Collection appendix in the interactive version of the Report	—	—	—
	103—2	The management approach and its components		—	16	—	Fair operating practices
	103—3	Evaluation of the management approach		—	—	—	—

GRI standard	Indicator number	Indicator	Page	Excluded information/comments	UN sustainable development goal	RSPP Reference Performance Indicator	ISO 26000:2010
Employment							Labour practices
GRI 103: Management Approach 2016	103—1	Material topics and boundaries		See also the Scope of Data Collection appendix in the interactive version of the Report	—	—	—
	103—2	The management approach and its components		—	5, 8, 16	—	Fair operating practices
	103—3	Evaluation of the management approach		—	—	—	—
GRI 401: Employment (2016)	401—1	New employee hires and employee turnover	136, 293	—	5, 8	3.1.2. 3.1.3.	—
	401—2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	291	—	8	—	—
	401—3	Parental leave	294	Information is provided about employees on maternity leave and/or childcare leave	5, 8	—	—
Occupational health and safety							Labour practices
GRI 103: Management Approach 2016	103—1	Material topics and boundaries		See also the Scope of Data Collection appendix in the interactive version of the Report	—	—	—
	103—2	The management approach and its components		—	16	—	Fair operating practices
	103—3	Evaluation of the management approach		—	—	—	—
GRI 403: Occupational Health and Safety (2016)	403—1	Workers representation in formal joint management-worker health and safety committees	175	—	8	—	—
	403—2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	178	No breakdown of injury rates by gender due to the lack of centralised records	3, 8	3.1.5. 3.1.6. 3.1.7. 3.1.8.	—
	403—3	Workers with high incidence or high risk of diseases related to their occupation	170	—	3, 8	—	—
	403—4	Health and safety topics covered in formal agreements with trade unions	175	—	8	—	—

GRI standard	Indicator number	Indicator	Page	Excluded information/comments	UN sustainable development goal	RSPP Reference Performance Indicator	ISO 26000:2010
Training and education							Labour practices
GRI 103: Management Approach 2016	103—1	Material topics and boundaries		See also the Scope of Data Collection appendix in the interactive version of the Report	—	—	—
	103—2	The management approach and its components		—	16	—	Fair operating practices
	103—3	Evaluation of the management approach		—	—	—	—
GRI 404: Training and Education (2016)	404—1	Average hours of training per year per employee	148	No breakdown by gender due to the lack of centralised records	4, 5, 8	3.1.10.	—
	404—2	Programmes for upgrading employee skills and transition assistance programmes	146	—	8	—	—
	404—3	Percentage of employees receiving regular performance and career development reviews	51	—	5, 8	—	—
Freedom of association and collective bargaining							Labour practices
GRI 103: Management Approach 2016	103—1	Material topics and boundaries		See also the Scope of Data Collection appendix in the interactive version of the Report	—	—	—
	103—2	The management approach and its components		—	5, 8, 16	—	Fair operating practices
	103—3	Evaluation of the management approach		—	—	—	—
GRI 407: Freedom of Association and Collective Bargaining (2016)	407—1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	—	None	8	3.2.1.	—
Rights of indigenous peoples							Human rights
GRI 103: Management Approach 2016	103—1	Material topics and boundaries		See also the Scope of Data Collection appendix in the interactive version of the Report	—	—	—
	103—2	The management approach and its components		—	1, 5, 8, 16	—	Fair operating practices
	103—3	Evaluation of the management approach		—	—	—	—

GRI standard	Indicator number	Indicator	Page	Excluded information/comments	UN sustainable development goal	RSPP Reference Performance Indicator	ISO 26000:2010
GRI 411: Rights of Indigenous Peoples (2016)	411—1	Incidents of violations involving rights of indigenous peoples	—	None	—	3.2.3.	—
—	MM5	Total number of operations taking place in or adjacent to indigenous peoples' territories, and number and percentage of operations or sites where there are formal agreements with indigenous peoples' communities	—	The Group does not have any formal arrangements with indigenous northern minorities	1, 2	—	—
Local communities							Engagement in the life of communities and their development
GRI 103: Management Approach 2016	103—1	Material topics and boundaries		See also the Scope of Data Collection appendix in the interactive version of the Report	—	—	—
	103—2	The management approach and its components		—	1, 5, 8, 16	—	Fair operating practices
	103—3	Evaluation of the management approach		—	—	—	—
GRI 413: Local Communities (2016)	413—1	Operations with local community engagement, impact assessments, and development programmes	—	Such programmes are implemented in 4 out of 77 (5.2%) Group entities operating in Russia (the Company's Head Office, Kola MMC, Polar Division, and Nornickel – Shared Service Centre) within the reporting perimeter	—	3.3.3.	—
	413—2	Operations with significant actual and potential negative impacts on local communities	198	—	1, 2	3.3.3.	—
—	MM6	Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples	—	None	1, 2	—	—
—	MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and indigenous peoples, and the outcomes	—	No disputes	1, 2	—	—
Supplier social assessment							
GRI 103: Management Approach 2016	103—1	Material topics and boundaries		See also the Scope of Data Collection appendix in the interactive version of the Report	—	—	—
	103—2	The management approach and its components		—	5, 8, 16	—	Fair operating practices
	103—3	Evaluation of the management approach		—	—	—	—

GRI standard	Indicator number	Indicator	Page	Excluded information/comments	UN sustainable development goal	RSPP Reference Performance Indicator	ISO 26000:2010
Public policy							—
GRI 103: Management Approach 2016	103—1	Material topics and boundaries		See also the Scope of Data Collection appendix in the interactive version of the Report	—	—	—
	103—2	The management approach and its components		—	5, 8, 16	—	Fair operating practices
	103—3	Evaluation of the management approach		—	—	—	—
GRI 415: Public Policy (2016)	415—1	Political contributions	—	None	16	—	—
Socioeconomic compliance							Fair operating practices
GRI 103: Management Approach 2016	103—1	Material topics and boundaries		See also the Scope of Data Collection appendix in the interactive version of the Report	—	—	—
	103—2	The management approach and its components		—	5, 8, 16	—	Fair operating practices
	103—3	Evaluation of the management approach		—	—	—	—
GRI 419: Socioeconomic Compliance (2016)	419—1	Non-compliance with laws and regulations in the social and economic area	72	—	16	3.4.2.	—
Emergency preparedness							
GRI 103: Management Approach 2016	103—1	Material topics and boundaries		See also the Scope of Data Collection appendix in the interactive version of the Report	—	—	—
	103—2	The management approach and its components		—	16	—	Fair operating practices
	103—3	Evaluation of the management approach		—	—	—	—
—	MM3	Total amounts of overburden, rock, tailings, and sludges and their associated risks	211, 289	—	3, 6, 12	—	—

GRI standard	Indicator number	Indicator	Page	Excluded information/comments	UN sustainable development goal	RSPP Reference Performance Indicator	ISO 26000:2010
Closure planning							—
GRI 103: Management Approach 2016	103—1	Material topics and boundaries		See also the Scope of Data Collection appendix in the interactive version of the Report	—	—	—
	103—2	The management approach and its components		—	1, 5, 8, 16	—	Fair operating practices
	103—3	Evaluation of the management approach		—	—	—	—
—	MM10	Number and percentage of operations with closure plans	—	The IFRS financial statements reflect a decommissioning provision for 9% of the operations within the reporting perimeter. As at 31 December 2019, this provision stood at RUB 40,990 mln	—	—	—

Scope of data collection¹

102-46 103-1

- Information is collected on all companies of the business block
- Information is collected on key companies of the business block

GRI topics	MMC Norilsk Nickel's Head Office	Foreign assets ²	Exploration	Production	Research and development	Support functions	Fuel and energy	Transport and logistics	Distribution and sales	Other business units of the Group
Economic performance ³	Information is collected on all companies of the business block									
Market presence ⁴	Information is collected on all companies of the business block									
Indirect economic impacts	Information is collected on all companies of the business block									
Energy ⁵	Information is collected on all companies of the business block									
Water	Information is collected on all companies of the business block									
Biodiversity	Information is collected on all companies of the business block									
Emissions	Information is collected on all companies of the business block									
Effluents and waste	Information is collected on all companies of the business block									
Environmental compliance	Information is collected on all companies of the business block									
Supplier environmental assessment	Information is collected on all companies of the business block									
Employment ⁶	Information is collected on all companies of the business block									
Occupational health and safety	Information is collected on all companies of the business block									
Training and education	Information is collected on all companies of the business block									
Freedom of association and collective bargaining	Information is collected on all companies of the business block									
Rights of indigenous peoples	Information is collected on all companies of the business block									
Local communities	Information is collected on all companies of the business block									
Anti-corruption practices	Information is collected on all companies of the business block									
Assessment of suppliers and contractors by social criteria	Information is collected on all companies of the business block									
Socioeconomic compliance	Information is collected on all companies of the business block									
Closure planning	Information is collected on all companies of the business block									
Emergency preparedness	Information is collected on all companies of the business block									

¹ The scope of data collection is set in such a way as to describe all of the Group's material impacts. The scope has not undergone any significant changes compared to the previous reporting period. The Report provides results for all the companies within the scope against each aspect. In addition to the Occupational Health and Safety, the working group has classified the following aspects beyond the Group as material: Anti-Corruption, Product and Service Quality Compliance, Emergency Preparedness. These have been described in the Report by disclosing the Company's approaches to implementation of responsible practices in its supply chain.

² For the purposes of data collection, foreign assets mean Norilsk Nickel Harjavalta.

³ As regards pension plans, the reporting perimeter includes only the Group's business units benefiting from the Co-Funded Pension Plan.

⁴ As regards nationality, the reporting perimeter includes all business units of the Group.

⁵ As regards energy conservation, the reporting perimeter includes Polar Division, Kola MMC and NTEC.

⁶ As regards benefits offered to employees, the reporting perimeter includes only Polar Division and Kola MMC.

Map of material GRI topics (aspects)

102-46 ● 103-1 ●

Economic¹

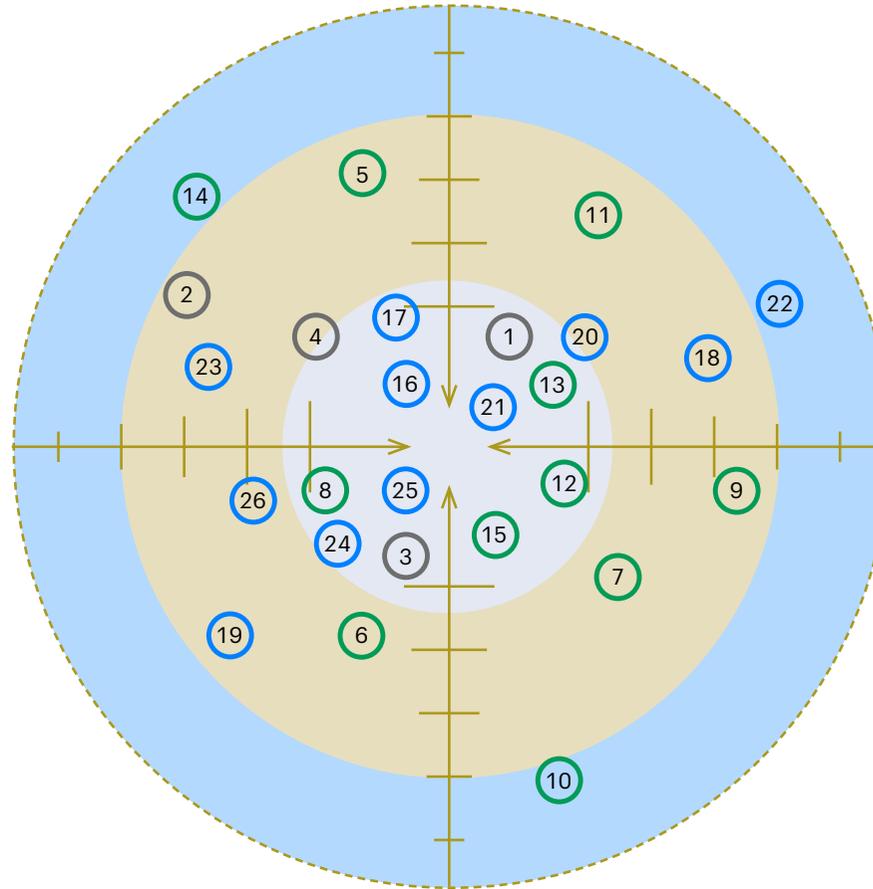
1. Economic performance
2. Market presence
3. Indirect economic impacts
4. Anti-corruption practices

Environmental¹

5. Energy
6. Water
7. Biodiversity
8. Sulphur dioxide and solid emissions
9. Greenhouse gas (GHG) emissions
10. Emissions of ozone-depleting substances (ODS)
11. Emissions of other substances
12. Effluents
13. Waste
14. Supplier environmental assessment
15. Environmental compliance

Social¹

16. Employment
17. Occupational health and safety
18. Training and education
19. Freedom of association and collective bargaining
20. Human rights: rights of indigenous peoples
21. Local communities
22. Supplier social assessment
23. Public policy
24. Socioeconomic compliance
25. Emergency preparedness
26. Closure planning



- Material topic with the highest priority
- Material topic
- Immaterial but relevant topic
- ↑ Integral assessment of materiality for stakeholders and materiality of impacts by the Group companies
- Economic aspect
- Environmental aspect
- Social aspect

The Company maps out material topics in line with GRI SRS and with input from external and internal stakeholders. The materiality matrix is based on the following:

- opinion polls on material topics;
- dialogues with stakeholders;
- mass media coverage of the Company;
- interviews with the Company's management.

In 2019, the list of material topics of the Report was reconfirmed following polling, with no significant changes compared to the 2018 report.

For information on our stakeholder dialogues, see Appendix Stakeholder Dialogue Minutes. The proposals put forward during the dialogues will be considered for integration into the Company's practices.

¹ The listed topics are covered by GRI SRS, except:
 • Topics 8–11 are covered by the GRI Emissions standard.
 • Topics 12–13 are covered by the GRI Effluents and Waste standard.
 • Topic 20 is covered by the GRI Rights of Indigenous Peoples standard.

GRI indicators

Environmental performance 303-1

Total water withdrawal

Indicator, mcm		Total water withdrawal:	Including					from municipal and other water utilities (excluding Norilsk-Taimyr Energy Company)	from Norilsk-Taimyr Energy Company*
			from surface water bodies	from underground sources	effluents from third parties	natural water inflow			
Group's total	2019	319.34	227.31	26.29	20.57	36.50	8.67	95.20	
	2018	356.79	254.28	28.275	21.28	44.15	8.84	96.70	
	2017	335.64	233.46	31.88	20.67	40.59	9.04	93.58	
	2016	328.44	230.45	33.24	15.42	40.82	8.51	98.99	
	2015	348.52	254.92	28.66	21.15	34.84	8.94	96.44	
Including: Polar Division and Norilskenergo	2019	69.63	0.00	0.00	13.66	12.85	0.001	43.12	
	2018	82.82	0.02	0.00	15.68	22.41	0.00	44.71	
	2017	100.14	0.02	0.00	15.07	29.44	0.00	55.61	
	2016	96.41	0.02	0.00	9.78	26.15	0.001	60.46	
	2015	102.49	0.02	0.00	15.48	28.60	0.00	58.39	
Norilsk-Taimyr Energy Company	2019	240.23	212.78	26.14	1.32	0	0	0	
	2018	269.47	241.23	28.24	0.00	0.00	0.00	0.00	
	2017	251.98	220.42	31.57	0.00	0.00	0.00	0.00	
	2016	249.93	216.68	33.24	0.00	0.00	0.00	0.00	
	2015	267.87	239.21	28.66	0.00	0.00	0.00	0.00	
Kola MMC	2019	27.95	13.25	0.00	0.00	6.07	8.63	0.00	
	2018	32.82	11.75	0.00	0.03	12.39	8.65	0.00	
	2017	31.73	11.60	0.30	0.04	11.11	8.68	0.00	
	2016	35.53	12.39	0	0.11	14.63	8.40	0.00	
		27.93	12.84	0	0.12	6.19	8.79	0.00	

* Included in water withdrawal from Norilsk-Taimyr Energy Company

Water sources 306-5 303-2

Branches and subsidiaries	Scale of impact associated with the Group companies' water withdrawals	Scale of impact associated with the Group companies' effluents
Polar Division of MMC Norilsk Nickel	Water withdrawals from the Yenisey River, water bodies of the Norilo-Pyasinskaya water system and the Kara Sea do not affect the environment and cannot change the ability of the ecosystem to perform its functions	Water bodies of the Yenisey River and Norilo-Pyasinskaya water system are used to discharge wastewater
Polar Transport Division of MMC Norilsk Nickel		
Krasnoyarsk Transport Division of MMC Norilsk Nickel		
Norilsknickelremont		
Polar Construction Company		
Norilsk Production Support Complex		
Norilskgeologiya		
Taimyr Fuel Company		
Taimyrgaz ¹		
Yenisey River Shipping Company		
Norilsk Airport		
Norilsk-Taimyr Energy Company		
Norilskpromtransport		
Norilsk Trading and Production Association		
Murmansk Transport Division of MMC Norilsk Nickel	Withdrawals do not affect the water sources	Effluents are discharged into the water bodies
Kola MMC	(water bodies of the Barents Sea basin)	of the Barents Sea basin

¹ Taimyrgaz was reorganised and merged with Norilskgazprom on 1 March 2019.

Water recycled and reused 303-3

Indicator, mcm		Total water used	Including		Including		Water recycled and reused as percentage of total water used, %
			utility water	production	water reused	water recycled	
Group's total	2019	1,343.53	18.76	1,324.77	30.70	1,141.32	87.2
	2018	1,412.13	20.08	1,392.04	31.46	1,178.47	85.7
	2017	1,342.07	18.53	1,323.54	32.64	1,105.40	84.8
	2016	1,463.81	20.72	1,443.09	36.73	1,219.70	85.8
	2015	1,421.41	21.29	1,400.12	40.13	1,275.62	92.6
Including: Polar Division and Norilskenergo	2019	461.22	10.51	450.71	29.40	388.69	90.7
	2018	463.50	12.13	451.37	29.25	389.50	90.4
	2017	512.32	11.81	500.51	30.49	426.18	89.1
	2016	533.67	12.09	521.58	34.43	442.82	89.4
	2015	574.17	12.51	561.66	37.7	478.07	89.8
Norilsk-Taimyr Energy Company	2019	656.49	0.91	655.57	0.89	551.06	84.1
	2018	709.11	1.00	708.12	1.11	578.17	81.7
	2017	620.74	1.00	619.74	1.05	503.43	81.3
	2016	719.02	1.79	717.24	1.03	607.85	84.7
	2015	634.9	2.34	632.56	0.89	537.68	84.8
Kola MMC	2019	156.49	1.67	154.82	0.14	149.98	95.9
	2018	171.58	1.75	169.82	0.00	158.59	92.4
	2017	169.64	1.79	167.85	0.00	157.47	92.8
	2016	170.52	1.9	168.62	0.17	150.72	88.5
		171.32	1.79	169.53	0.00	146.67	85.6

The Group's total reused and recycled water is 367.0% of its water withdrawal. This percentage is largest for Polar Division (600.5%) and Kola MMC (537.1%), while at Norilsk-Taimyr Energy Company it stands at 229.8%.

Total effluents¹ and pollutants discharged 306-1

Indicator, mcm or kt		Total effluents, mcm	Including				Pollutants in effluents, kt
			insufficiently treated	contaminated untreated	treated to standard quality at treatment facilities	standard clean (without treatment)	
Group's total	2019	142.35	26.22	35.98	4.56	75.60	210.62
	2018	164.45	30.96	34.26	6.59	92.60	232.37
	2017	147.55	28.63	33.52	6.13	79.26	216.63
	2016	143.55	29.81	26.94	5.26	81.54	192.99
	2015	140.45	29.71	27.73	5.92	77.1	153.1
Including: Polar Division and Norilskenergo	2019	23.70	1.44	20.95	0.83	0.47	58.30
	2018	34.98	3.69	28.69	1.86	0.72	72.66
	2017	45.29	6.28	33.40	4.96	0.66	73
	2016	38.67	6.42	26.83	4.71	0.73	71.83
	2015	39.52	6.01	27.54	5.18	0.78	76.92
Norilsk-Taimyr Energy Company	2019	74.56	0.00	2.10	0.004	72.46	1.13
	2018	91.56	0.00	0.00	0.00	91.55	1.36
	2017	78.16	0.00	0.00	0.01	78.15	0.392
	2016	77.76	0.00	0.00	0.003	77.76	1
	2015	73.55	0.00	0.00	0.00	73.55	0.48
Kola MMC	2019	22.07	21.81	0.26	0.00	0.00	124.43
	2018	25.59	25.47	0.13	0.00	0.00	148
	2017	22.27	22.25	0.02	0.00	0.00	142.93
	2016	22.59	22.59	0.00	0.00	0.00	119.32
			23.48	23.48	0.00	0.00	0.00

¹ Effluents are measured instrumentally with certified gauges and also based on the Calculation of Water Consumption and Water Discharge Guidelines and other indirect indicators as approved by the territorial office of the Federal Water Resources Agency.

NO_x, SO_x and other significant air emissions, including their type and weight¹

305-7

Indicator, kt		Group's total	Polar Division	Norilsk-Taimyr Energy Company	Kola MMC
Total amount	2019	1,952.66	1,819.18	10.65	110.79
	2018	1,926.63	1,789.01	11.69	117.45
	2017	1,845.55	1,705.00	11.51	121.88
	2016	1,936.44	1,787.57	8.2	132.9
	2015	2,063.52	1,883.24	6.33	169.79
Including: NO _x	2019	10.31	0.55	7.19	1.75
	2018	11.22	0.61	8.02	1.76
	2017	11.40	1.56	7.88	1.23
	2016	10.12	1.52	6.89	1.12
	2015	9.84	1.64	6.32	1.18
SO ₂	2019	1,898.14	1,798.64	0.001	99.36
	2018	1,869.62	1,764.65	0.002	104.82
	2017	1,784.97	1,675.85	0.003	109.07
	2016	1,877.97	1758.18	0.003	119.72
	2015	2,009.11	1,853.92	0.008	155.05
Solids	2019	13.31	4.21	0.002	6.98
	2018	14.51	5.55	0.003	7.57
	2017	13.42	6.06	0.004	6.87
	2016	14.3	6.18	0.006	7.38
	2015	20.67	8.95	0.006	10.61

¹ Air pollutant emissions are determined on the basis of the Environmental Monitoring and Industrial Control data: emissions are calculated as per the applicable methodologies using data on feedstock and equipment running time, through sampling and analysing flue gases, direct measurements with gas analysers, etc.

Total weight of waste by type and disposal method, mt 306-2

Indicator			Total. mt	Including	
				Polar Division	Kola MMC
Waste-related activity	Generation	2019	36.42	15.62	7.85
		2018	30.72	15.71	8.31
		2017	31.93	23.26	8.61
		2016	33.27	22.57	10.61
		2015	33.64	22.27	11.37
	Waste input from third parties*	2019	0.63	0.57	0.00
		2018	3.07	3.04	0.00
		2017	0.03	0.03	0.00
		2016	0.04	0.03	0.00
	In-house waste recycling	2019	22.77	14.34	4.25
		2018	21.63	15.79	2.46
		2017	20.76	17.75	3.01
		2016	20.15	15.18	4.97
		2015	18.81	13.22	5.59
	In-house waste treatment*	2019	0.003	0.000	0.001
		2018	0.006	0.000	0.006
		2017	0.001	0.000	0.000
		2016	0.000	0.000	0.000
	Waste transfer to third parties (for recycling or treatment)	2019	0.50	0.24	0.014
		2018	1.52	0.03	0.01
2017		0.07	0.04	0.02	
2016		0.09	0.03	0.01	
2015		0.041	0.024	0.017	

* Calculated since 2016

Indicator		Total. mt	Including	
			Polar Division	Kola MMC
Waste transfer to third parties (for disposal)	2019	0.64	0.07	0.00
	2018	1.64	0.08	0.00
	2017	0.11	0.07	0
	2016	0.11	0.07	0.0002
	2015	0.049	0.049	0.0003
Waste disposal at in-house waste disposal sites	2019	6.03	3.22	2.81
	2018	10.97	3.72	5.83
	2017	12.67	7.08	5.59
	2016	13.54	7.88	5.66
		14.75	8.99	5.76

Waste management in 2019 by hazard class and waste type, kt MM3

Indicator, t	Hazard class 1	Hazard class 2	Hazard class 3	Hazard class 4	Incl. mining waste and tailings	Hazard class 5	Incl. mining waste and tailings	Total	Incl. hazard classes 1–4 waste (% of total)
Generation	0.04	0.03	5.19	1,114.60	986.21	35,300.09	30,990.62	36,419.95	3.07%
Waste input from third parties	0.00	0.01	1.35	18.71	0.00	612.45	521.17	632.53	3.17%
In-house waste recycling	0.00	0.00	2.40	7.23	0.00	22,759.35	17,716.85	22,768.99	0.04%
In-house waste treatment	0.00	0.02	1.99	1.21	0.00	0.05	0.00	3.27	98.33%
Waste transfer to third parties (for recycling or treatment)	0.04	0.02	2.13	0.37	0.00	499.64	233.77	502.21	0.51%
Waste transfer to third parties (for disposal)	0.00	0.02	0.00	69.08	0.00	571.21	521.17	640.29	10.79%
Waste disposal at in-house waste disposal sites	0.00	0.00	0.12	1.05	986.21	4,971.14	4,310.67	6,025.19	17.49%

Total energy consumption by Norilsk Nickel Group, TJ 302-1

No.	Indicator	2017	2018	2019	Including in 2019	
					electric power	heat (hot water and steam)
1	Fuel used to generate heat and electric power ¹ and for other purposes ² , TJ	156,568	148,910	144,772	x	x
	(1) including Polar Division	26,021	24,429	21,720	x	x
	Norilsk-Taimyr Energy Company	107,514	103,203	98,554	x	x
	Kola MMC	9,794	8,932	8,604	x	x
	Other operations of the Group	13,239	12,346	15,894		
	(2) including coal	1,460	1,660	2,087	x	x
	natural gas	134,709	129,335	125,329	x	x
	diesel fuel and fuel oil	15,221	13,788	13,535	x	x
	gasoline and aviation fuel	5,178	4,127	3,820	x	x
2	Energy from renewable sources (Group's HPPs)	12,414	14,877	15,058	14,838	221
3	Electric power and heat procured from third parties	10,483	10,931	11,331	11,039	291
4	Electric power and heat sold to third parties	19,503	18,926	18,766	3,491	15,274
5	Total energy consumption by the Group (line 1 + line 2 + line 3 - line 4)	159,962	155,792	152,395	x	x

Electric power and heat consumption by the Group companies, TJ

Indicator	2017	2018	2019	Including in 2019	
				electric power	heat (hot water and steam)
Electric power and heat consumption by the Group companies	61 963	63,691	62,994	33,338	29,655
including Polar Division	35 936	34,040	32,012	14,447	17,565
Norilsk-Taimyr Energy Company	6 489	6,446	6,214	4,163	2,051
Kola MMC	12 528	12,112	12,126	9,159	2,967
HPP share in total electric power consumption in the Norilsk Industrial District	43.6%	51.4%	53.5%	—	—
HPP share in total electric power consumption by the Company	37.6%	43.6%	44.5%	—	—
HPP share in total energy consumption by the Company	19.6%	22.7%	23.9%	—	—

¹ Including fuel used to generate electric power for Norilsk.

² All Group companies, including transportation, logistics and support functions.

Social performance

Benefits for employees of Polar Division 401-2

Benefits	Full-time work		Temporary work ⁽¹⁾		Seasonal work		Part-time work
	full-time work	part-time work	full-time work	part-time work	full-time work	part-time work	
Reimbursement of vacation travel expenses (incl. return fare)	+	+	+(2)	+(2)	+(2)	+(2)	— ⁽³⁾
All kinds of financial aid	+	+	+	+	+	+	+
Health resort treatment and vacations	+	+	—	—	—	—	—
Vouchers for children's wellness recreation tours	+	+	—	—	—	—	—
Pension plans	+	+	—	—	—	—	—
Termination benefits (apart from those prescribed by the applicable law)	+	+	+(4)	+(4)	+(4)	+(4)	+(4)

⁽¹⁾ Work under a fixed-term employment contract.

⁽²⁾ According to the collective bargaining agreement and local regulations, such categories of employees are not excluded from benefits; however, in practice, travel expenses are not reimbursed since no vacation is granted to such employees.

⁽³⁾ According to the local regulations such categories of employees are excluded from the reimbursement of expenses associated with relocation.

⁽⁴⁾ According to the collective bargaining agreement and local regulations such categories of employees are not excluded from the reimbursement of expenses associated with relocation, it is practically possible. No severance pay is provided by mutual agreement.

Benefits for employees of Kola MMC

Benefits	Full-time work		Temporary work ⁽¹⁾		Seasonal work ⁽²⁾		Part-time work
	full-time work	part-time work	full-time work	part-time work	full-time work	part-time work	
Reimbursement of vacation travel expenses (incl. return fare)	+	+	+	+	—	—	—
All kinds of financial aid	+	+	+	+	—	—	— ⁽³⁾
Health resort treatment and vacations	+	+	+	+	—	—	— ⁽³⁾
Vouchers for children's wellness recreation tours	+	+	+	+	—	—	— ⁽³⁾
Pension plans	+	+	+	+	—	—	— ⁽³⁾
Termination benefits (apart from those prescribed by the applicable law)	+	+	+	+	—	—	—

⁽¹⁾ Work under a fixed-term employment contract.

⁽²⁾ At Kola MMC, there is no seasonal work; employees do not work seasonally.

⁽³⁾ In-house employees doing bywork can be granted benefits by their primary employer.

Headcount by type of employment, gender and region, employees

Indicator	2019		
	Total	male	female
Total headcount as at the latest reporting date	74,445	52,804	21,641
Contractors working under civil contracts as at the latest reporting date	830	578	252
Employees as at the latest reporting date	73,615	52,226	21,389
Employees working under fixed-term contracts (temporary and seasonal jobs) as at the latest reporting date	2,935	1,600	1,335
including in the Norilsk Industrial District	1,716	—	—
including in the Krasnoyarsk Territory (except for NID)	45	—	—
including in the Kola Peninsula Industrial District (Murmansk Region)	236	—	—
including in Moscow and other regions of Russia	646	—	—
including in the Trans-Baikal Territory	292	—	—
Employees working under unlimited contracts (permanent jobs) as at the latest reporting date	70,680	50,626	20,054
including in the Norilsk Industrial District	47,262	—	—
including in the Krasnoyarsk Territory (except for NID)	3,270	—	—
including in the Kola Peninsula Industrial District (Murmansk Region)	12,276	—	—
including in Moscow and other regions of Russia	5,069	—	—
including in the Trans-Baikal Territory	2,803	—	—
Full-time employees as at the latest reporting date	72,688	51,552	21,136
Part-time employees as at the latest reporting date	107	40	67

New and terminated employments (by gender, age and region of operations) in 2019, employees 401-1

Indicator	2019
New hires	13,805
including male	9,862
including female	3,943
including 29 y. o. and below	5,123
including 30 through 44 y. o.	5,978
including 45 y. o. and above	2,704
including in the Norilsk Industrial District	8,608
including in the Kola Peninsula Industrial District (Murmansk Region)	1,106
including in the Krasnoyarsk Territory (except for NID)	1,021
including in Moscow and other regions of Russia	1,870
including in the Trans-Baikal Territory	1,200
Terminated employments	13,832
including male	9,926
including female	3,906
including 29 y. o. and below	3,449
including 30 through 44 y. o.	5,577
including 45 y. o. and above	4,806
including in the Norilsk Industrial District	8,864
including in the Kola Peninsula Industrial District (Murmansk Region)	1,251
including in the Krasnoyarsk Territory (except for NID)	1,046
including in Moscow and other regions of Russia	1,283
including in the Trans-Baikal Territory	1,388

Employee outflow ratio by region in 2019, %

Indicator	2019
Kola Peninsula Industrial District (Murmansk Region)	10.0
Krasnoyarsk Territory (excluding NID)	31.6
Moscow and other regions of Russia	22.4
Norilsk Industrial District (NID)	18.1
Trans-Baikal Territory	44.8

Employee inflow ratio by region in 2019, %

Indicator	2019
Kola Peninsula Industrial District (Murmansk Region)	8.8
Krasnoyarsk Territory (excluding NID)	30.8
Moscow and other regions of Russia	32.7
Norilsk Industrial District (NID)	17.6
Trans-Baikal Territory	38.8

Employee outflow ratio by gender and age in 2019, %

Indicator	2019
Employee outflow, total	18.8
Employee outflow, male	19.0
Employee outflow, female	18.3
Employee outflow, 29 y. o. and below	23.7
Employee outflow, 30 through 44 y. o.	15.0
Employee outflow, 45 y. o. and above	19.0

Employee inflow ratio by gender and age in 2019, %

Indicator	2019
Employee inflow, total	18.8
Employee inflow, male	18.9
Employee inflow, female	18.4
Employee inflow, 29 y. o. and below	35.2
Employee inflow, 30 through 44 y. o.	16.1
Employee inflow, 45 y. o. and above	10.7

Employees on maternity and/or childcare leave in 2019 401-3

Indicator	2019
Employees on maternity and/or childcare leave as at the year-end	1 664
including male	51
including female	1 613
Employees back from maternity and/or childcare leave over the year	892
including male	41
including female	851

Occupational disease and injury rates in 2018–2019¹

Indicator	2018	Including		2019	Including	
		Male	Female		Male	Female
Russian companies of Nornickel Group						
Fatal workplace injuries	6	6	0	9	9	0
FIFR	0.05			0.08		
Lost time workplace injuries	26	21	5	35	32	3
LTIFR	0.23			0.32		
Total recorded workplace injuries in accordance with the Russian labour laws (minor + severe + fatal)	32	27	5	44	41	3
Severe injuries	5	5	0	12	12	0
Occupational diseases	318	296	22	290	255	35
Occupational disease rate	2.87			2.62		
Occupational injury rate	0.29			0.40		
Lost day rate	53.99			31.66		
Absentee rate	2.93			2.83		
Total recorded workplace injuries among contractors' employees engaged at the Group's sites, in accordance with the Russian labour laws	19	19	0	9	7	2
including fatalities	2	2	0	1	1	0

¹ **FIFR** stands for Fatal Injury Frequency Rate (FIFR = FIs / total number of hours worked * 1,000,000).
LTIFR stands for Lost Time Injury Frequency Rate (LTIFR = non-fatal LTIs / total number of hours worked * 1,000,000).
Occupational disease rate is the frequency of occupational diseases / total man-hours of all Company employees in the reporting period * 1,000,000.
Occupational injury rate is the frequency of occupational injuries / total man-hours of all Company employees in the reporting period * 1,000,000.

Lost day rate is the total number of lost days / total man-hours planned for the reporting period * 1,000,000.
Absentee rate is the number of absentee days due to incapacity of any kind / total man-days planned for the reporting period * 100%.

Indicator	2018	Including		2019	Including	
		Male	Female		Male	Female
Norilsk Industrial District						
Fatal workplace injuries	2	2	0	6	6	0
FIFR	0.03			0.08		
Lost time workplace injuries	15	12	3	21	20	1
LTIFR	0.20			0.29		
Total recorded workplace injuries in accordance with the Russian labour laws (minor + severe + fatal)	17	14	3	27	26	1
Severe injuries	4	4	0	9	9	0
Occupational diseases	255	253	2	168	167	1
Occupational disease rate	3.47			2.31		
Occupational injury rate	0.23			0.37		
Lost day rate	66.86			37.73		
Absentee rate	2.96			2.87		
Total recorded workplace injuries among contractors' employees engaged at the Group's sites, in accordance with the Russian labour laws	11	11	0	7	7	0
including fatalities	1	1	0	1	1	0
Kola site (Murmansk Region)						
Fatal workplace injuries	4	4	0	3	3	0
FIFR	0.22			0.17		
Lost time workplace injuries	5	5	0	3	2	1
LTIFR	0.27			0.17		
Total recorded workplace injuries in accordance with the Russian labour laws (minor + severe + fatal)	9	9	0	6	5	1
Severe injuries	1	1	0	1	1	0
Occupational diseases	62	42	20	120	86	34
Occupational disease rate	3.40			6.76		
Occupational injury rate	0.49			0.34		
Lost day rate	14.83			13.93		
Absentee rate	3.33			3.17		
Total recorded workplace injuries among contractors' employees engaged at the Group's sites, in accordance with the Russian labour laws	6	6	0	1	1	0
including fatalities	0	0	0	0	0	0

Indicator	2018	Including		2019	Including	
		Male	Female		Male	Female
Krasnoyarsk Territory (excluding NID)						
Fatal workplace injuries	0	0	0	0	0	0
FIFR	0.00			0.00		
Lost time workplace injuries	3	2	1	4	3	1
LTIFR	0.49			0.68		
Total recorded workplace injuries in accordance with the Russian labour laws (minor + severe + fatal)	3	2	1	4	3	1
Severe injuries	0	0	0	1	1	0
Occupational diseases	1	1	0	2	2	0
Occupational disease rate	0.16			0.34		
Occupational injury rate	0.49			0.68		
Lost day rate	63.13			40.10		
Absentee rate	3.6			3.60		
Total recorded workplace injuries among contractors' employees engaged at the Group's sites, in accordance with the Russian labour laws	0	0	0	0	0	0
including fatalities	0	0	0	0	0	0
Moscow and other regions						
Fatal workplace injuries	0	0	0	0	0	0
FIFR	0.00			0.00		
Lost time workplace injuries	1	1	0	0	0	0
LTIFR	0.15			0.00		
Total recorded workplace injuries in accordance with the Russian labour laws (minor + severe + fatal)	1	1	0	0	0	0
Severe injuries	0	0	0	0	0	0
Occupational diseases	0	0	0	0	0	0
Occupational disease rate	0.00			0.00		
Occupational injury rate	0.15			0.00		
Lost day rate	11.24			0.92		
Absentee rate	1.81			1.8		
Total recorded workplace injuries among contractors' employees engaged at the Group's sites, in accordance with the Russian labour laws	0	0	0	0	0	0
including fatalities	0	0	0	0	0	0

Indicator	2018	Including		2019	Including	
		Male	Female		Male	Female
Trans-Baikal Territory						
Fatal workplace injuries	0	0	0	0	0	0
FIFR	0.00			0.00		
Lost time workplace injuries	2	1	1	7	7	0
LTIFR	0.33			1.15		
Total recorded workplace injuries in accordance with the Russian labour laws (minor + severe + fatal)	2	1	1	7	7	0
Severe injuries	0	0	0	1	1	0
Occupational diseases	0	0	0	0	0	0
Occupational disease rate	0.00			0.00		
Occupational injury rate	0.33			1.15		
Lost day rate	52.47			49.50		
Absentee rate	1.22			1.37		
Total recorded workplace injuries among contractors' employees engaged at the Group's sites, in accordance with the Russian labour laws	2	2	0	1	0	1
including fatalities	1	1	0	0	0	0

UNCTAD indicators

Tax and non-tax payments, total		Page	Disclosure status	Information/comments										
A Economic indicators														
A.1 Revenue and/or (net) added value	A.1.1: revenue	72	Disclosed	RUB 877.8 bn										
	A.1.2: added value	—	Disclosed	RUB 645.5 bn										
	A.1.3: net added value	—	Disclosed	RUB 593.5 bn										
A.2 Payments to the Government	A.2.1: taxes and other payments to the Government	237	Disclosed	VAT is not included in taxes since this tax is indirect and actually paid by end consumers of products and services rather than by the reporting entity. VAT is also excluded from the calculation of profit (loss) and is not disclosed in the Income Statement										
				<table border="1"> <thead> <tr> <th>Item</th> <th>2019, RUB bn</th> </tr> </thead> <tbody> <tr> <td>Tax and non-tax payments, total</td> <td>192,4</td> </tr> <tr> <td>including to the federal budget</td> <td>31,8</td> </tr> <tr> <td>consolidated budget of the Krasnoyarsk Territory</td> <td>104,2</td> </tr> <tr> <td>budget of Norilsk</td> <td>8</td> </tr> <tr> <td>budget of the Murmansk Region</td> <td>19,9</td> </tr> <tr> <td>budget of the Chita Region</td> <td>3,2</td> </tr> </tbody> </table>	Item	2019, RUB bn	Tax and non-tax payments, total	192,4	including to the federal budget	31,8	consolidated budget of the Krasnoyarsk Territory	104,2	budget of Norilsk	8
Item	2019, RUB bn													
Tax and non-tax payments, total	192,4													
including to the federal budget	31,8													
consolidated budget of the Krasnoyarsk Territory	104,2													
budget of Norilsk	8													
budget of the Murmansk Region	19,9													
budget of the Chita Region	3,2													
A.3 New investment/expenditures	A.3.1: green investment	194	Disclosed	RUB 39,472.21 mln The expenditures in question make up 4.5% of the Company's consolidated revenue for 2019										
	A.3.2: community investment	236	Disclosed	The expenditures in question make up 3.5% of the Company's consolidated revenue for 2019										
	A.3.3: total expenditures on research and development	—	Disclosed	RUB 128.2 mln The expenditures in question make up 0.01% of the Company's consolidated revenue for 2019										
A.4 Local supplier/purchasing programmes	A.4.1: percentage of local procurement	—	Partially disclosed	Data is collected for materials and supplies only. As for other procurement categories, there is no centralised data collection broken down by the location of suppliers. Materials and supplies procured from Russian suppliers make up 86% of total procurements in this category										
B Environmental indicators														
B.1 Sustainable use of water	B.1.1: water recycling and reuse	285	Disclosed	—										
	B.1.2: water use efficiency	285	Disclosed	The ratio between water withdrawal and net added value is 0.54 thousand cu m / RUB mln										
	B.1.3: water stress	284	Disclosed	No water is withdrawn in water-scarce areas										
B.2 Waste management	B.2.1: reduction of waste generation	288	Disclosed	In 2019, waste generation increased to 36.42 mt from 30.72 mt in 2018. The ratio between waste generation and net added value slightly declined from 0.066 kt to 0.061 kt / RUB mln										
	B.2.2: waste reused, re-manufactured and recycled	288, 289	Disclosed	In 2019, the amount of waste recycled increased to 22.77 mt from 21.63 mt in 2018. The ratio between waste recycling and net added value went down from 0.045 kt to 0.038 kt / RUB mln										
	B.2.3: hazardous waste	288, 289	Disclosed	In 2019, hazard classes I-IV waste generation decreased to 1,119,861.94 t from 1,207,034.99 t in 2018. The ratio between such waste generation and net added value went down from 2.61 t to 1.89 t / RUB mln										

Tax and non-tax payments, total		Page	Disclosure status	Information/comments
B.3 Greenhouse gas emissions	B.3.1: greenhouse gas emissions (scope 1)	204	Disclosed	While the absolute value of the indicator changed only slightly, the relative amount of scope 1 greenhouse gas emissions decreased from 21.68 t to 16.48 t of CO ₂ equivalent per RUB mln of net added value
	B.3.2: greenhouse gas emissions (scope 2)	204	Disclosed	In 2019, indirect GHG emissions (scope 2) declined from 0.12 mt to 0.09 mt of CO ₂ equivalent. The relative indicator went down from 0.5 t to 0.15 t of CO ₂ equivalent per RUB mln of net added value
B.4 Ozone-depleting substances and chemicals	B.4.1 : ozone-depleting substances and chemicals	206	Disclosed	No emissions
B.5 Energy consumption	B.5.1: renewable energy	290	Partially disclosed	<p>The Report discloses the amount of electric power generated by HPPs and its share in total energy consumption. The current metering system does not allow for the disclosure to be made in full compliance with the UNCTAD guidelines. Along with in-house generation, Norinickel Group purchases electric power from third parties connected to Russia's unified energy system (the share of electric power purchased on the wholesale electricity and capacity market is 32.6%).</p> <p>The Company accounts for 67.4% of total electric power consumption in the Norilsk Industrial District.</p> <p>For more details, please see the Energy Saving and Energy Efficiency section.</p> <p>Share of renewable energy in the Norilsk Industrial District's total energy consumption:</p> <ul style="list-style-type: none"> • Total consumption — 6,854,895 thousand kWh • HPP-generated — 3,667,368.6 thousand kWh (53.5%) <p>Electric power sold to retail consumers and third parties in the Norilsk Industrial District:</p> <ul style="list-style-type: none"> • Total — 819,496 thousand kWh • HPP-generated — 438,087 thousand kWh
	B.5.2: energy efficiency	—	Disclosed	In 2019, the ratio between total energy consumption by the Group and net added value was 0.26 TJ / RUB mln
C Social area				
C.1 Gender equality	C.1.1: proportion of women in managerial positions	—	Partially disclosed	HR records are not broken down by category or gender. The proportion of women on the Management Board is 33% (4 out of 12 members)
C.2 Human capital	C.2.1: average hours of training per year per employee	148	Disclosed	—
	C.2.2: expenditure on employee training per year per employee	—	Disclosed	Expenditure on employee training per year per employee: For all employee categories — RUB 15,139 Blue-collar employees — RUB 6,312 Managers — RUB 44,701 White-collar employees — RUB 24,553
	C.2.3: employee wages and benefits with breakdown by employment type and gender	142	Partially disclosed	Data is disclosed on wages and remuneration package (excluding insurance contributions); the data disclosed is broken down by region. There is no statistics on wages and benefits broken down by labour contract type, employment type, age or gender
C.3 Employee health and safety	C.3.1: expenditures on employee health and safety	168	Disclosed	Expenditures on employee health and safety make up 1.2% of the Group's consolidated revenue
	C.3.2: frequency/incident rates of occupational injuries	177, 178	Partially disclosed	The Report discloses information about the occupational injury rate and lost day rate in accordance with the GRI requirements. The lost day rate is calculated on the basis of days, not hours, lost (as required by the GRI)

Tax and non-tax payments, total		Page	Disclosure status	Information/comments
C.4 Coverage of collective agreements	C.4.1: percentage of employees covered by collective agreements	139	Disclosed	—
D Institutional area				
D.1 Corporate governance disclosures	D.1.1: number of Board meetings and attendance rate	—	Disclosed	Number of the Board of Directors meetings — 34 Attendance rate — 99.97%
	D.1.2: number and percentage of female Board members	—	Disclosed	The proportion of women on the Board of Directors is 7.69% (1 out of 13 members)
	D.1.3: Board members by age range	—	Disclosed	Disclosed in the 2019 Annual Report ¹
	D.1.4: number of meetings of the audit committee and attendance rate	—	Disclosed	Number of meetings of the Audit and Sustainable Development Committee — 8 Attendance rate — 100%
	D.1.5: compensation: total compensation per Board member (both executive and non-executive directors)	—	Partially disclosed	The 2019 Annual Report ² discloses the total amount of compensations paid to the members of the Board of Directors. Personal compensations are not disclosed for confidentiality reasons
D.2 Anti-corruption practices	D.2.1: amount of fines paid or payable due to settlements	73, 74	Disclosed	—
	D.2.2: average hours of training on anti-corruption issues per year per employee	184, 185	Partially disclosed	No records are kept on the length (in hours) of anti-corruption training. Reporting in the Company is based on the GRI standards; it means the Report discloses the number and proportion of employees trained in anti-corruption policies and practices

¹ <https://www.nornickel.com/investors/reports-and-results/2019>

² <https://www.nornickel.com/investors/reports-and-results/2019>

TCFD disclosures

Section	Disclosure	Page
Governance Describe the organisation's governance around climate-related risks and opportunities	a) Describe the Board's oversight of climate-related risks and opportunities	58, 188
	b) Describe the management's role in assessing and managing climate-related risks and opportunities	41, 42
Strategy Disclose the actual and potential impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	59, 61-68
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	18, 22, 23
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	18, 36, 37
Risk management Describe how the organisation identifies, assesses, and manages climate-related risks	a) Describe the organisation's processes for identifying and assessing climate-related risks	36, 37, 59, 60
	b) Describe the organisation's processes for managing climate-related risks	56, 68
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	60
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	227-229, 290
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	203-205
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	19-21, 227-229

List of abbreviations

ADRs	American depositary receipts
AML/CTF	Anti-money laundering / counter-terrorism financing
BoD	Board of Directors
BVC	Bureau Veritas Certification
CIMS	Corporate Integrated Quality and Environmental Management System
CIS	Commonwealth of Independent States
CSR	Corporate social responsibility
EAP	Environmental Action Plan
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EMERCOM	Ministry of the Russian Federation for Civil Defence, Emergencies and Elimination of Consequences of Natural Disasters
ERP	Enterprise resource planning
ESG	Environmental, Social and Governance
EU	European Union
FAEA	Federal Agency for Ethnic Affairs
FIFR	Fatal injury frequency rate
FISU	International University Sports Federation
FZ	Federal law
GDP	Gross domestic product
GOK	Mining and processing plant
GOST	State standard
GRI	Global Reporting Initiative
GRK	Mining company
Group	Norilsk Nickel Group
HCM	Human capital management
HPP	Hydropower plant
HPP	Heat and power plant
IFRS	International Financial Reporting Standards
IPA	International Platinum Group Metals Association
ISO	International Organisation for Standardisation
IT	Information technologies
IUCN	International Union for Conservation of Nature

JSC	Joint-stock company
JV	Joint venture
Kola MMC	Kola Mining and Metallurgical Company
KPI	Key performance indicators
LLC	Limited liability company
LTIFR	Lost time injury frequency rate
MDM	Master data management
MMC	Mining and metallurgical company
MPE	Maximum permissible emissions
NAIIS	National Association of International Information Security
NID	Norilsk Industrial District
OECD	Organisation for Economic Cooperation and Development
OHS	Occupational health and safety
OHSAS	Occupational Health and Safety Assessment System
OJSC	Open joint-stock company
PGM	Platinum group metals
PJSC	Public joint-stock company
PPE	Personal protective equipment
PPP	Public-private partnership
R&D	Research and development
RSPP	Russian Union of Industrialists and Entrepreneurs
SDGs	UN Sustainable Development Goals
SGS	Societe Generale de Surveillance
TJ	Terajoule
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNGC	UN Global Compact
UNICRI	United Nations Interregional Crime and Justice Research Institute
USA	United States of America
VAT	Value added tax
VHI	Voluntary health insurance

Glossary

Business unit of the Company's Head Office: department, division or any other unit within the organisational structure of the Company's Head Office and/or a unit acting in accordance with the staff schedule approved by the President of MMC Norilsk Nickel.

Certification: confirming compliance of qualitative characteristics with quality standard requirements.

Charitable activities: the Company's voluntary transfer of property, including cash, free works and services, and other support, to legal entities or individuals free of charge or on preferential terms.

Collective Bargaining Agreement: legal instrument governing social and labour relationships within a company or a sole trader business and signed by the representatives of employees and the employer.

Compliance: conducting business in compliance with the requirements of government authorities, applicable laws, regulations, guidelines and standards, including corporate policies and procedures, and ethical business practices.

Corporate culture: combination of standards, values and beliefs that determine the way a company addresses the matters of internal integration and external adaptation, guide and motivate daily behaviour of employees, while also transforming under its influence.

Corporate social responsibility (CSR): corporate behaviour philosophy and concept applied by the business community, companies and company representatives to their activities aimed at meeting stakeholder expectations and ensuring sustainable development.

Employee performance management framework: combination of methods, processes and procedures designed to boost employee performance in line with Norilsk Nickel Group's corporate strategy. The framework also covers employee performance assessment and competency review.

Environmental protection and resource efficiency: corporate programmes aimed at minimising the Company's environmental impact.

Global Reporting Initiative (GRI): independent organisation developing sustainability reporting guidelines and standards.

Health and safety: occupational health and safety protection system embracing legal, social, economic, organisational, technical, sanitary, hygienic, healthcare, rehabilitation and other activities.

HR management policy: end-to-end integrated HR management system including all stages of employee-employer interaction, from recruitment to retirement and post-retirement support.

HR management strategy: principles, regulations and approaches to personnel management focused on efficient implementation of the Company's business strategy and providing conditions to unlock human potential in order to achieve corporate goals.

HR policy: set of standards, rules, regulations, concepts and goals determining the Company's HR management practices (personnel

planning and record keeping, recruitment, adaptation, training and development, remuneration and incentivisation, performance assessment, social security, etc.) in line with its development strategy.

Human Capital Development Programme: set of priority measures focused on bringing human capital to a new level in line with the Company's strategic goals and objectives.

Incentivisation: tools and methods of boosting staff performance and productivity, motivating an employee or a group of employees to achieve corporate goals.

Local communities: population with Russian citizenship.

Local community development programmes: corporate social programmes implemented voluntarily and intended to contribute to the development of local communities.

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

Nornickel (Norilsk Nickel) Group: for the purpose of the 2019 Sustainability Report, MMC Norilsk Nickel and the totality of operations forming Nornickel Group. Unless otherwise specified or required by the context, the terms "Company", "Group", "Nornickel" or "the Group companies" shall refer to Norilsk Nickel Group.

Occupational disease: health disorder caused by a systematic and lasting exposure to workplace factors or a combination of production-specific working conditions.

Payroll budget: total payroll and social payments.

Personnel development: set of initiatives aimed at employee recruitment, adaptation, retention, and fully unlocking their professional and creative potential.

Risk: negative factor that might result from current processes or future events and have a potential impact on the Company's ability to achieve its goals.

Safe working conditions: working conditions where occupational exposure to harmful and/or hazardous production factors is prevented or controlled within the set limits.

Senior executives: President, Vice Presidents, heads of departments in case of the Head Office, and general directors and their deputies in case of entities located in the Norilsk Industrial District and on the Kola Peninsula.

Significant regions of operation: the Norilsk Industrial District, Krasnoyarsk Territory (except for the NID), Kola Peninsula Industrial District (Murmansk Region), Trans-Baikal Territory, Moscow and other Russian regions.

Social package: set of benefits, compensations, additional payments, statutory and additional services provided to employees by the employer on top of their salary.

Social partnership: framework of relationships among employees (their representatives), employers (their representatives), and federal and local government authorities aimed at reconciling interests of employees and employers on matters pertaining to the regulation of labour relations and other directly associated matters.

Social programmes: voluntary corporate initiatives pertaining to employee development and motivation, creating favourable working conditions, promoting corporate culture and charity, and supporting local communities. These initiatives are implemented on a regular basis in line with the Company's business strategy, and focused on satisfying balanced requests of various stakeholders. From the management perspective, a social programme is a set of initiatives carefully planned in terms of resources, workforce and timeframes, and efficiently addressing the Company's internal or external social objectives.

Stakeholder engagement: the Company's activities aimed at identifying stakeholders' expectations and concerns and their engagement in the decision-making process.

Stakeholders: individuals and legal entities or their groups having certain expectations about the Company or affected by its operations, influencing its managerial decisions while being themselves influenced by such decisions. Stakeholders include the Company's shareholders, investors, employees, suppliers, contractors, consumers, trade unions and other public organisations, federal and local authorities, mass media, residents of areas where the Company operates, and others.

Standard: regulation containing a set of requirements for activities and their products.

Sustainability Report (non-financial report): accessible, accurate and balanced description of the main aspects of the Company's activities and achievements pertaining to its values, goals and sustainable development policy, and addressing the matters of most importance for the key stakeholders. This is a way of publicly informing the shareholders, employees, partners and other stakeholders of the Company's progress towards its goals and objectives set out in its mission statement and strategic development plans with respect to financial and environmental stability, and social security.

Sustainable development: concept developed by the UN that acknowledges the role of business in ensuring sustainable development of the society; a concept of global community development taking into account interests of both present and future generations.

Top management: President, Senior Vice Presidents, Vice Presidents, members of the Management Board and heads of departments of MMC Norilsk Nickel; directors of branches of MMC Norilsk Nickel and their deputies; sole executive bodies (directors, general directors) of the Group companies and their deputies.

Young talents: graduates of universities and colleges whose post-graduate experience does not exceed three years.

Stakeholder dialogue minutes

Dialogues with stakeholders are an important part of sustainability reporting in Norilsk Nickel Group. We hold regular stakeholder dialogues and take their results into consideration when determining report contents and monitoring progress in achieving sustainability goals.

While preparing the 2019 Sustainability Report, we engaged in dialogues with stakeholders as part of the We Are the City! social technologies forum in Zapolyarny. The events attended by Nor Nickel employees, local authorities and community representatives helped identify the UN Sustainable Development Goals (SDGs) and targets most relevant for the Company and the regions where it operates.

We held the dialogues in the form of a quiz session, inviting the participants to study cases related to Nor Nickel's digital transformation (industrial innovation and safety, including comprehensive cyber protection of transport infrastructure, creating advanced IT architecture powered by blockchain technology, industrial automation, digitalisation, digital technologies and solutions, environment and biodiversity, and exchange of best international practices). Each team had to link their case to a specific SDG and come up with recommendations on how to improve the Company's performance in the given area or in the context of each particular case. The conclusions were presented by speakers representing each discussion panel.

Dialogue minutes, Zapolyarny

Venue: Zapolyarny, We Are the City! social technologies forum

Date: 15 February 2020

Industrial innovation: the panel speakers discussed Nor Nickel's presentation of exoskeletons, which featured a crash course in and testing of these machines at a dedicated site to showcase their capabilities. According to the speakers, this case could be linked to three SDGs: Good Health and Well-being, Decent Work and Economic Growth, and Industry, Innovation and Infrastructure. They also highlighted industrial exoskeletons' efficiency in solving occupational health and safety issues and recommended that the Company keep working in this area.

Industrial safety and comprehensive cyber protection of transport infrastructure: the panel speakers noted Nor Nickel's progress with its digital projects, including automation of mining and underground operations and development of a smart mine at Severny (Zapolyarny). The team linked the case to the following SDGs:

- Good health and well-being. An unmanned mine will help minimise human exposure to hazardous and harmful working conditions;
- Gender equality. Remote mine monitoring solutions will make it possible for the Company to engage women and disabled people;

- Decent work and economic growth. The team recommended that Nor Nickel provide its staff affected by redundancy as a result of mine automation with employment opportunities by training and retraining them so that they could pick up new skills;
- Industry, innovation and infrastructure.

In conclusion, the speakers stressed the need to employ the most effective solutions to protect automated systems from cyber attacks and server access failures. They also highlighted the importance of uninterrupted power supply to prevent emergencies and production shutdowns.

Creating advanced IT architecture powered by blockchain technology, industrial automation, digitalisation, digital technologies and solutions: the panel speakers noted the important role these technologies play in implementing complex projects, improving the production efficiency, reducing ore losses and optimising production processes.

The team linked these objectives to the following SDGs:

- Industry, innovation and infrastructure. To pursue this goal, the Company was advised to further promote lean manufacturing by automating shift assignment and to partner with a global digital commerce platform;
- Quality education. The speakers recommended that the Company automate the selection of employees who need training and professional development and include relevant employee obligations in employment contracts;
- Clean water and sanitation. To pursue this goal, the Company was advised to recirculate mineralised waste water from the concentration process to reduce costs and promote sustainable use of resources;
- Responsible consumption and production.

Environment and safety: the panel speakers focused on the controversial effects of the smelting shop shutdown at Nickel site, which will help improve the environmental situation while also leading to job losses.

This case is linked to the following SDGs:

- Quality education. The team suggested that the Company support environmental education at universities, vocational and secondary schools and kindergartens;
- Clean water and sanitation. The speakers proposed automating the collection of data on potable water conditions across the Company's regions of operation;
- Affordable and clean energy. The Company was advised to consider using alternative or renewable power sources to improve energy efficiency and achieve environmental goals;

- Sustainable cities and communities. In this area, the speakers recommended that Nor Nickel consider arranging for or creating automated collection points for recyclable waste and fully transition from printing hard copies to electronic document flow;
- Responsible consumption and production;
- Life on land.

The exchange of best international practices: the panel speakers noted Nor Nickel's participation in the 2019 General Conference of the United Nations. The Conference focused on promoting inclusive and sustainable industrial development to achieve three key goals: creating shared prosperity, advancing economic competitiveness, and safeguarding the environment. The dialogue participants presented the discussion outcomes and proposed that the Company introduce new environmental initiatives, such as clean-up days, and streamline relevant internal requirements based on the highest international standards.

Dialogue minutes, Norilsk

MeVenue: Norilsk, We Are the City! social technologies forum

Date: 28 February 2020

The exchange of best international practices: the panel speakers singled out the following SDGs as the most relevant for the case:

- Partnerships for the goals,
- Sustainable cities and communities.

Cleaning the city from metallurgical waste was named a number one priority. To address the issue of removing ferrous and non-ferrous metal scrap and waste, the Company should consider partnerships between its sites and SMEs.

Additionally, the Company needs to look into technical solutions to process sulphur waste into sulphur concrete and asphalt.

The environment and biodiversity: the panel speakers suggested introducing smart water management in Norilsk and creating a closed loop water system relying on water filtration and reuse.

Additionally, the team made a number of proposals related to smart controls for various resources and waste, and using alternative energy sources.

Creating advanced IT architecture powered by blockchain technology, industrial automation, digitalisation, digital technologies and solutions: the panel speakers linked the case to the following SDGs:

- Industry, innovation and infrastructure;
- Climate action.

In pursuance of the Climate Action goal, the Company should consider using advanced horizontal cooling technologies to prevent the permafrost thawing and rehabilitate the soil cover of the tundra. The speakers also recommended that the Company carry on with joint projects on landscaping and tundra soil rehabilitation.

In the context of the Industry, Innovation and Infrastructure goal, the speakers noted the Company's strong effort in creating new jobs and staff retraining to promote new skills and competencies.

Industrial safety and comprehensive cyber protection of transport infrastructure: the panel speakers gave a positive assessment of Norinickel's leadership in certifying management systems for cyber security. The team noted that Norinickel's key ports have put in place specially designed systems to monitor the safety of cargo (including environmentally hazardous goods) handling and transportation.

The team proposed organising a foresight session in Norilsk with various stakeholders contributing to the creation of an atlas of emerging jobs relevant for the Company. In future, the Company should set up a civil university for the youth and people in need of retraining to master new technological solutions.

Industrial innovation: the panel speakers highlighted the importance of the industrial exoskeleton project and the use of exoskeletons in Norinickel's operations. Going forward, the Company may also sell the solution to other Russian and international industry players.

This case is linked to the following SDGs:

- Good health and well-being. To pursue this goal, the team recommended that the Company consider, among other things, using this solution in social projects, e.g. to support people with limited mobility;

- Quality education. In this context, the team proposed that the Company and the South-West State University in Kursk expand their cooperation and set up a joint tech competency centre based in Norilsk;

- Industry, innovation and infrastructure;

- Partnerships for the goals.

Stakeholder recommendations 102-44

Recommendations	Company response
Recommendations based on disclosure materiality surveys	
From external stakeholders	
Include local community opinions on the Company's programmes in the report ¹	Included in the Regional Development section
Disclose information on R&D and new technologies, and occupational guidance for schoolchildren	Disclosed in the Innovation, Digital Technology, Personnel Development and Development of Local Communities sections
Disclose information on the creation of leisure time, recreational and personal growth opportunities for employees of Norinickel Group and local residents	Disclosed in the Development of Local Communities section
From internal stakeholders	
Make the English version of the Sustainability Report available on the Company's website in the shortest possible time	Done, report preparation time reduced by two months compared to 2018
Disclose the proportion of women in managerial positions	Disclosed in the Appendix "UNCTAD indicators"
Provide a detailed description of personnel training programmes and progress under those programmes	Described in the Personnel Development section
Disclose the proportion of local residents among employees	Disclosed in the Staff Composition section
Disclose information on public policy and stakeholder engagement	Disclosed in the Stakeholder Engagement section

Recommendations	Company response
Disclose voluntary turnover rates over the past four years	Disclosed in the Staff Composition section
Disclose the ratio of water used to total water withdrawal	Done, disclosed in the Appendix "GRI indicators"
Disclose information on harmful waste and targets for the next year	Partially done. Information on harmful waste is disclosed in the Environment section and Appendix on GRI indicators. The Company does not set targets for waste generation.
Disclose the number of confirmed incidents of corruption and bribery over the past four years	Disclosed in the Anti-corruption section
Disclose findings of the human rights assessment	To be done in the next reports
Recommendations made by the Russian Union of Industrialists and Entrepreneurs' (RSPP) Council on Non-Financial Reporting	
Recommendations on the 2018 Sustainability Report	
The Company's strategy deserves a more detailed disclosure in the Sustainability Report, and it is therefore recommended to use more references to the sources where the relevant information is presented in more detail	Done, the Strategy section was expanded to include information on how the strategy correlates with the sustainability agenda (including climate topics). References to external information sources were provided
Norinickel is advised to continue disclosing information on the progress towards the UN 2030 Agenda for Sustainable Development, using it among other criteria for assessing implementation of the goals and objectives of the Company's strategic priorities	Done, the relevant section was expanded to include a table on actual investments in the achievement of the UN SDGs, including projects to deliver on strategic goals (for example, the Sulphur Programme)

¹ Recommendations with respect to previous reports.

Recommendations	Company response
It is advised that future reports describe the Company's impact on their business ethics, and social and environmental responsibility practices in more detail. It would be useful to provide examples of how ESG aspects are monitored as part of assessing the reliability of business partners, and how the latter implement relevant policies and standards into their business practices. Taking into account the new practice of the Company's adherence to the codes of conduct devised by foreign manufacturers, it seems reasonable to describe the Company's experience in this area going forward	Done, relevant information was provided in the Supply Chain Management section
It would be appropriate to add a description of how feedback from stakeholders is used in management practices, namely in improving business processes and refining social programmes	Stakeholder dialogue minutes are used to draft sustainability reports, enhance management practices and review progress against the Company's projects and the UN SDGs. Stakeholder proposals tabled as part of the dialogues are transmitted to dedicated business units for processing
The Report contains information on Nornickel's efficiency improvement programme seeking, among other things, to introduce innovative management solutions. In future reporting cycles, it is advisable to give more detailed information on the achievements in this area, including the set of KPIs related to sustainable development.	Done. The Report provides information on progress against the efficiency improvement programme and overview of strategic targets (see the Strategy section). Data on top management KPIs (including those related to sustainable development) is also available (see the section on remuneration of members of the supreme governing bodies)

Recommendations	Company response
Taking into account the Company's active role in implementing national priorities as stated in the Report, it would be useful to provide more details on its further participation in national projects, such as the Environment, the Digital Economy, and the Smart City initiatives, going forward	Done, relevant information is provided, among other things, in the Stakeholder Engagement and Digital Technology sections
The Company's reports generally provide full information on energy consumption and environmental impact across all key divisions. To improve this area of disclosure, it is further advised to report on the relevant performance of support functions (transportation, gas production, electricity generation) and smaller units, such as Bystrinsky GOK	To be done in the next reports
Recommendations on previous reports	
Consider holding public hearings on the draft report in the next reporting cycles	To be done in the next reports
Provide more details on the KPI system, making a special emphasis on the sustainable development and corporate social responsibility KPIs	The Report provides information on progress against the efficiency improvement programme and overview of strategic targets (see the Strategy section). Data on top management KPIs (including those related to sustainable development) is also available (see the section on remuneration of members of the supreme governing bodies)



The Council on Non-Financial Reporting of the Russian Union of Industrialists and Entrepreneurs (the "Council") established as per the Management Bureau's Resolution dated 28 June 2007, reviewed, at the request of MMC Norilsk Nickel (the "Company", the "Group", "Nornickel"), Nornickel Group's 2019 Sustainability Report (the "Report").

The Company requested the RSPP to arrange for the public verification of the Report, with the Council on Non-Financial Reporting providing an opinion on the materiality and completeness of the Report's information about the Company's operations from the perspective of the Social Charter of the Russian Business. The Charter sets out key principles of responsible business conduct aligned with those of the UN Global Compact, as well as domestic and international CSR standards.

From 20 March to 03 April 2020, the Council members reviewed the content of the Company's Report and issued this Opinion in accordance with the Council's Procedure for Public Verification of Corporate Non-Financial Reports.

The Council members possess all the required competencies in corporate responsibility, sustainable development and non-financial reporting, comply with the ethical requirements for independence and impartiality, and provide their personal expert opinion rather than the opinion of organisations they represent.

The Report was assessed based on the below-listed criteria of information completeness and materiality. Information is considered to be material if it reflects the company's efforts to implement the principles of responsible business conduct set out in the Social Charter of the Russian Business (www.rspp.ru).

Completeness implies that the company provides a comprehensive overview of its operations, including the underlying values and strategic benchmarks, governance systems and structures, accomplishments and key results, and the stakeholder relationship framework.

The procedure for the public verification of the Report factors in the Company's application of international reporting frameworks; this Opinion does not, however, purport to assess the Report's compliance with such international frameworks.

The Company is responsible for the information and statements provided in the Report. The accuracy of the Report's information is beyond the scope of the public verification procedure.

This Opinion has been prepared for MMC Norilsk Nickel. The Company may use it for both corporate and stakeholder communication purposes by publishing the original version without any changes.

CONCLUSIONS

Based on the review of the Report and the information publicly available on the Company's official website, and following a collective discussion of the results of the Report's independent assessment undertaken by the members of the Council on Non-Financial Reporting, the Council confirms as follows.

Nornickel Group's 2019 Sustainability Report covers the key areas of responsible business conduct in accordance with the principles set out in the Social Charter of the Russian Business, and provides sufficient information about the Company's operations in relation thereto.

The recommendations made by the Council following the public verification of Nornickel Group's 2018 Report were implemented in the 2019 Report. In particular, the Report provides more information on the Company's updated strategy and its progress towards the UN 2030 Agenda for Sustainable Development, covers the Group's participation in the Digital Economy national project, and provides additional references to information sources, including the annual report.

The Company's 2019 Report contains relevant information relating to the below-listed aspects of responsible business conduct.

Economic freedom and responsibility. The Report covers Nornickel Group's core lines of business, highlights its contribution to the Russian economy and the industry, and describes the Company's production assets, resource base potential and strategic priorities, which Nornickel mainly pursues through innovations bringing digital technology to production, automation projects, and the efficiency and safety improvement programme. It traces changes in key financial and operational results as well as performance highlights. It notes the commissioning of Bystrinsky GOK, one of the Company's most advanced facilities, among its key non-financial results. It describes the Company's business prospects in the context of its sustainability strategy to 2030 and the UN Sustainable Development Goals (the UN 2030 Agenda for Sustainable Development), specifying key objectives and targets. The Report outlines the Company's priorities and corporate programmes with respect to the SDGs. It describes the Group's core products which will support the low-carbon transition going forward. The Report discloses the Company's corporate governance framework and approaches to sustainable development management. It mentions that key performance indicators are aligned with the remuneration payable to members of the senior governance bodies.

It informs that the Group companies were subject to external audits for compliance with QHSE ISO standards. The Report describes the risk management framework, including with respect to sustainable development. It provides details on the Company's anti-corruption efforts, corporate documents and procedures. The Report informs that corruption risk assessment covers virtually all the Group's business units in addition to mandatory anti-corruption briefings for all new employees.

Business partnerships. The Report contains a stakeholder map, specifying engagement mechanisms based on an ongoing dialogue in line with international standards and corporate documents. It also covers relations with shareholders, including the dividend policy, and investors, including those focused on responsible investment. The Report describes changes in the shareholding structure and the Company's efforts to diversify the shareholder base and attract new shareholders. It provides details on the key focus areas in HR management, including those promoting social partnership. It discloses information about the incentive system and pay scale as well as corporate programmes covering social security, staff training, occupational health and safety, corporate culture, and personnel engagement. The Report describes the Company's efforts to implement the principles of responsible business and sustainable development in the supply chain and control of such non-financial factors in supplier relations as quality of products, works and services, HSE, and compliance. It informs that the Group's contractors implemented the workplace safety standard and monitoring procedures. The Report also covers procurement, including key forms of customer interaction, quality assurance initiatives, customer satisfaction monitoring based on regular surveys. It describes the Company's cooperation with government authorities on a variety of matters, including its participation in building the regulatory framework of the Digital Economy national project. It provides details on the Group's interaction with small and medium businesses as well as non-profit organisations.

Human rights. The Report highlights the Company's commitment to human rights in line with the generally accepted international principles and the applicable laws of Russia and other countries of operation. It provides information about the Company's by-laws, including the Human Rights Policy, and the procedures for the protection thereof relating to the HR, environmental, social and other matters. The Report also focuses on the respect of labour rights. It mentions that the Company regularly assesses the potential impact of its operations on human rights and rolls this practice out to all new projects. The Report declares respect for the rights of indigenous northern minorities, including examples of cooperation with a view to preserving national languages and traditional activities and improving living and working conditions.

Environmental protection. The Report includes information on the environmental initiative launched as part the Company's updated development strategy which focuses on transition to green production in line with best global practices, including SO₂ capturing techniques. It mentions that the Company is developing the programme tracking climate changes which provides, inter alia, for assessment of investment projects for climate risks with their possible adjustments. It provides information about the Sulphur Programme roadmap for 2020–2030 and the Roadmap to Reduce Air Pollutant Emissions at Polar Division in 2018–2023. It also mentions that the Group assessed GHG emissions of its facilities. The Report presents details on the environmental management system as well as water body protection, waste management, biodiversity conservation, including land rehabilitation, cooperation with nature reserves, and reproduction of aquatic bioresources. It includes a great number of gross and per-unit environmental impact indicators of the Group's operations. The Report covers the

Company's efforts to enhance the reliability of power generating equipment, grid and gas transportation infrastructure, boost gas output, and save energy. It also specifies the Company's environmental expenditures.

Contribution to the development of local communities. The Report highlights the Company's contribution to the social and economic development of the Krasnoyarsk and Trans-Baikal territories and the Murmansk Region, providing more details on tax and non-tax payments to budgets of various levels, and on the financing of social, infrastructure and employment programmes. It discloses information about the Company's relations with regional and municipal authorities under partnership agreements with a view to implementing investment and social projects. It describes the activities of the Norilsk Development Agency established by the Company. The Report covers the details of fostering cooperation with local producers, including small and medium businesses, in the regions of operation. It mentions the Company's plans to promote tourism on the Kola Peninsula. The Report provides the list of key social and environmental projects and programmes, including those supporting culture, sports, social entrepreneurship, and volunteering. It mentions that the Company updated the World of New Opportunities long-term programme and deployed online tools for interaction with local communities and implementation of the programme. It includes details on a framework for managing social projects and assessing their performance.

Final provisions

The information contained herein generally describes the Group's strategy, business practices and results in sustainable development and corporate social responsibility as well as the supporting governance systems. The Report elaborates on how the Company's focus areas and projects are aligned with and contribute towards the UN 2030 Agenda for Sustainable Development, while disclosing a significant number of the Company's economic, social and environmental performance indicators. It covers the main focus areas and forms of stakeholder engagement, including those used as part of the reporting process.

The Report was prepared using internationally and domestically recognised reporting tools (e.g. the GRI Standards, Comprehensive option, GRI Sector Disclosures), which ensures comparability of the Group's information with that of other Russian and international companies. In drafting the Report, the Company also relied on the following documents: the UN Global Compact, the UN 2030 Agenda for Sustainable Development, ISO 26000:2010, AccountAbility Standards AA1000SES (2015) and AA1000AP (2018), the UNCTAD Guidance on core indicators for entity reporting on contribution towards implementation of the UN Sustainable Development Goals, and TCFD recommendations on climate-related risk disclosures.

The 2019 Report is the Company's sixteenth non-financial report, which demonstrates its determination to consistently develop reporting processes and enhance transparency. The Company uses various forms of independent assessment and confirmation of disclosed information (professional audit and public verification). This reflects the Company's commitment to keeping stakeholders informed and maintaining the high quality of disclosures.

RECOMMENDATIONS

While acknowledging the Report's strengths, the Council calls attention to some aspects of disclosures' materiality and completeness, which should be addressed in the future reporting cycles.

The Council notes that the recommendations made following the review of the previous 2018 Report remain valid and good for use going forward.

The Report elaborates on the Company's input to the implementation of the UN Sustainable Development Goals. The same approach should be used to highlight the Company's contribution towards national projects and objectives which corporate projects seek to achieve, including results vs targets. If included, such information would enhance the public relevance of corporate reports and results achieved and serve as additional evidence of the Company's social responsibility.

While acknowledging the Report's partially implemented approach to disclosing the Company's performance based on plans vs actual results vs targets for the next period, we recommend that going forward the Company roll out this practice to the main focus areas and the most critical programmes.

The report mentions the efficiency and safety improvement programme as one of the Company's strategic priorities. It also aims to increase labour productivity. It is advised that future reports cover changes in labour productivity, which is key to understanding performance both nationwide and company-wise. This is one of key metrics used by the Russian Union of Industrialists and Entrepreneurs (RSPP) and the Moscow Exchange in their ESG indices, specifically the RSPP Sustainable Development Vector index.

The Report covers the Company's efforts to reduce the impact of its sea transportation operations on the Arctic ecosystems. Given its relevance, it is recommended going forward to disclose such performance indicators as solid (soot) emissions from sea transportation.

The Report describes how the Company implements digital solutions in its production and management processes. Assuming the strong potential as well as opportunities and risks related to information technologies, it is advised that future reports reflect the results thereof both in terms of higher output and labour productivity and in the context of a broader range of sustainable development matters (better labour quality, environmental safety, etc.).

The Report gives account of the Company's framework for assessing the performance of social programmes. Given its importance for stakeholders, such information deserves a more detailed disclosure.

It is advisable to include specific examples of assessments performed as well as results and takeaways, especially for the most critical programmes.

To ensure the consistency of information contained in consecutive reports, it would be useful to keep covering the Company's participation in major domestic and international initiatives announced in the previous periods. In particular, this applies to disclosing the nature of the Company's cooperation with BASF to develop the green economy and the development status of the Charter for Suppliers, with updates to be included in the next report.

The Report provides sufficient information about the Company's management approaches to sustainable development and its achievements across the main focus areas. In future reporting cycles, it is desirable to pay more attention to areas of concern, too. In particular, this applies to issues related to occupational health and diseases. To ensure a more complete disclosure, it would be useful to describe the Company's specific initiatives to reduce injury and disease rates among its employees and contractors.

The Company holds regular stakeholder dialogues, customer satisfaction polls and personnel engagement surveys. The Report highlights that these efforts translated into management decisions. It would also be appropriate to add a description of how the management uses feedback from stakeholders, including the examples of decisions made thereon.

The RSPP Council on Non-Financial Reporting hereby takes a positive view of this Report, supports the Company's commitment to responsible business practices, notes consistency in developing the reporting process, and confirms that Nornickel Group's 2019 Sustainability Report has passed the public verification procedure.

RSPP Council
on Non-Financial
Reporting





INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT [TRANSLATION FROM RUSSIAN ORIGINAL]

To the management of Public Joint Stock Company "Mining and Metallurgical Company "Norilsk Nickel". We have undertaken a limited assurance engagement of nature and level of Public Joint Stock Company "Mining and Metallurgical Company "Norilsk Nickel" (hereinafter referred to as MMC Norilsk Nickel) compliance with the principles of the AA1000 Accountability Principle (2018) (hereinafter referred to as AA1000 AP 2018) in the process of stakeholder engagement in sustainability activities as well as compliance of the accompanying Norilsk Nickel Group's 2019 Sustainability Report (hereinafter referred to as the Report)¹ with the requirements of GRI Sustainability Reporting Standards to the report prepared in accordance with the Comprehensive option.

Responsibility of MMC Norilsk Nickel

MMC Norilsk Nickel is responsible for its compliance with the principles of the AA1000 AP 2018 in the process of stakeholder engagement in sustainability activities as well as preparation of the Report in compliance with the requirements of GRI Sustainability Reporting Standards to the report prepared in accordance with the Comprehensive option. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Rules of Independence of the Auditors and Audit Organizations and The Code of Professional Ethics of the Auditors, which are in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The firm applies International Standard on Quality Control 1, Quality Control for Firm that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on nature and level of MMC Norilsk Nickel compliance with the principles of the AA1000 AP 2018 in the process of stakeholder engagement in sustainability activities as well as compliance of the Report with the requirements of GRI Sustainability Reporting Standards to the report prepared in accordance with the Comprehensive option based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, as well as in accordance with AA1000 Assurance Standard 2008 (type 2, as defined by AA1000AS 2008). These standards require that we plan and perform this engagement to obtain limited (moderate as defined by AA1000AS 2008) assurance about whether MMC Norilsk Nickel complies with the principles of the AA1000 AP 2018 in the process of stakeholder engagement in sustainability activities and whether the Report is free from material misstatement.

A limited assurance engagement undertaken in accordance with these standards involves assessing the following criteria (hereinafter referred to as Criteria):

- Nature and level of MMC Norilsk Nickel compliance with the principles of the AA1000 Accountability Principle 2018 – inclusivity, materiality, responsiveness and impact – in the process of stakeholder engagement in sustainability activities;
- Compliance of the Report with the requirements of GRI Sustainability Reporting Standards to the report prepared in accordance with the Comprehensive option.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we have performed the following procedures:

- Study and selective testing of systems and processes implemented by MMC Norilsk Nickel to ensure and analyze the compliance of the activities with the AA1000 AP 2018 principles; collection of evidence confirming practical implementation of these principles.
- Interviewing the management and employees of MMC Norilsk Nickel and obtaining documentary evidence.
- Attending the 'We Are the City' social technologies forum in Zapolyarny (on February 15, 2020) and in Norilsk (on February 28, 2020), including dialogues with stakeholders.

¹ The Report includes information on MMC Norilsk Nickel, its Russian subsidiaries and Norilsk Nickel Harjavala. Information on the total number of employees and revenue (within consolidated revenue) of other abroad subsidiaries is also included in the Report

TRANSLATION NOTE: Our report has been prepared in Russian and in English. In all matters of interpretation of information, views or opinions, the Russian version of our report takes precedence over the English version.

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- Study of information available on the websites of companies of Norilsk Nickel Group related to their activities in the context of sustainable development.
- Study of public statements of third parties concerning economic, environmental and social aspects of the Norilsk Nickel Group activities, in order to check validity of the declarations made in the Report.
- Analysis of non-financial reports of companies working in the similar market segment for benchmarking purposes.
- Selective review of documents and data on the efficiency of the management systems of economic, environmental and social aspects of sustainable development in Norilsk Nickel Group.
- Study of the existing processes of collection, processing, documenting, verification, analysis and selection of data to be included into the Report.
- Analysis of information in the Report for compliance with the requirements of Criteria.

The procedures were performed only in relation to data for the year ended 31 December 2019.

The evaluation of reliability of the information on performance in the Report was conducted in relation to compliance with the requirements of Standards to the report prepared in accordance with the Comprehensive option and information referred to in the annex to the Report "GRI Content Index". In respect to this information assessment of its conformity to external and internal reporting documents provided to us was performed.

The procedures were not performed in relation to forward-looking statements; statements expressing the opinions, beliefs and intentions of MMC Norilsk Nickel as the parent company of Norilsk Nickel Group to take any action relating to the future; as well as statements based on expert opinion.

The procedures were performed in relation to the Russian version of the Report, which includes information to be published in a hard-copy form as well as in digital form on the MMC Norilsk Nickel website.

We had no chance to verify that the report was approved by the Board of Directors of MMC Norilsk Nickel, published on the MMC Norilsk Nickel website, that Global Reporting Initiative was notified of the use of the Standards in the Report preparation, as well as that MMC Norilsk Nickel PJSC has received conclusion on public assurance by the Council on Non-Financial Reporting of the Russian Union of Industrialists and Entrepreneurs (RSPP) due to the fact that the date of signing this Assurance Report preceded the planned dates of these procedures completion.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about MMC Norilsk Nickel adherence to the principles of the AA1000 AP 2018 as well as about compliance of the Report, in all material respects, with the Criteria.

Limited Assurance Conclusion on Nature and extent of compliance of MMC Norilsk Nickel with AA1000 AP 2018 principles

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that MMC Norilsk Nickel stakeholder engagement in sustainability activities has not complied, in all material aspects, with the criteria of AA1000 AP 20018 in respect to adherence of MMC Norilsk Nickel to the principles (Inclusivity, Materiality, Responsiveness and Impact).

Limited Assurance Conclusion on Compliance of the Report with the GRI Sustainability Reporting Standards (Comprehensive option)

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Report has not complied, in all material aspects, with requirements of GRI Sustainability Reporting Standards to the report prepared in accordance with the Comprehensive option.

Recommendations

Based on the results of the limited assurance engagement we recommend:

- It is reasonable to disclose GRI indicators in relation to target values and plans for the future.
- Increase the extent of disclosure of indicators in relation to which requirements of GRI Standards is not fully taken into account (disclosures with omissions).
- In case of disclosure with omissions due to absence of a recording system, provide more specific information about plans to obtain data in future.

The recommendations are not intended to detract from the practitioner's conclusion. Our conclusion is not modified in respect of the matters referred to in the recommendations.



FBK, LLC
Practitioner
Partner
acting under Power of Attorney No. 76/18 of December 17, 2018
The Russian Federation, Moscow, April 1, 2020

V.Y. Skobarev

TRANSLATION NOTE: Our report has been prepared in Russian and in English. In all matters of interpretation of information, views or opinions, the Russian version of our report takes precedence over the English version.

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¹ The auditor of the Sustainability Report was approved by the Senior Vice President for HR, Social Policy and Public Relations.



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