



# SUSTAINABLE DEVELOPMENT

In 2021, the Company approved its Environmental and Climate Change Strategy, which primarily focuses on reducing its adverse impacts on the environment and local communities while improving equipment reliability and mitigating physical risks from climate change.

- ⇒ On the climate action front, the Company's key goal is to maintain its leadership in the global nickel industry on absolute greenhouse gas emission reductions (Scope 1 and 2), as well as to stay in the bottom quartile of the emissions curve.



The Company intends to move towards carbon neutrality so as to maintain its competitive edge in the global market in the longer range.





# ENVIRONMENTAL PROTECTION AND CLIMATE CHANGE

## Environmental and Climate Change Strategy



In 2021, the Company's Board of Directors approved the Environmental and Climate Change Strategy.

In 2021, the Company's Board of Directors approved the Environmental and Climate Change Strategy (the "Strategy"), which primarily focuses on improving the quality of the environment and environmental safety.

The Strategy identifies 20 long-term environmental and climate change goals across the key areas such as climate, air, water, waste (including tailings storage), soils, and biodiversity. A comprehensive plan was developed to drive measurable and achievable results in a move that will support the implementation of the Strategy and progress towards its goals. All Nornickel enterprises are expected to start implementing the plan in 2022.

Nornickel focused on developing modern, efficient, environmentally friendly production with strategic priorities including sustainable development and unlocking the Company's potential in the medium and long term, taking into account the expanded environmental and climate agenda.

### Nornickel's Environmental and Climate Change Strategy



CLIMATE CHANGE



AIR



WATER



TAILINGS & WASTE



LAND



BIODIVERSITY

### TARGETS TO 2028:

Reduce absolute greenhouse gas emissions (Scope 1 and 2) from production operations to

**7.7 mln t**  
of CO<sub>2</sub> equivalent

Reduce the intensity of greenhouse gas emissions (Scope 1 and 2) from production operations

by **37%**



Key initiatives contributing towards these goals include the consistent delivery of the Sulphur Project (aimed at dramatic reduction of sulphur dioxide emissions in the Norilsk Industrial District and complete elimination of emissions along the Russian border on the Kola Peninsula), water recycling and reuse, waste reuse, remediation of legacy pollution, land restoration, monitoring of industrial assets, and biodiversity conservation.

Our climate action plan is primarily focused on mitigating physical risks from climate factors all while improving energy efficiency, promoting green technology and upgrading our facilities to set the Company on the path to carbon neutrality and long-term competitiveness of its products.

Integral parts of the Strategy's execution include deploying new management processes, providing reporting, joining associations and making changes to meet the requirements of international sustainability standards such as ICMM, IRMA, TCFD reporting standards, and GHG Protocol, as well as implementing the principles of the Global Tailings Standard and disclosing information in line with EITI requirements.

To support the effective implementation of the Strategy and improve risk management, the Company updates its environmental and climate change management framework: dedicated units have been created at the corporate level to focus on sustainable development, the environment, occupational health and safety, human resources, and social policies, with all Nornickel employees involved in the transformation process.

## ENVIRONMENTAL MANAGEMENT SYSTEM

In 2021, the Environmental Management System<sup>1</sup> (EMS) continued to operate as part of the Corporate integrated Quality and Environmental Management System (CIMS), providing an opportunity to align environmental and quality management efforts with initiatives in other areas. This approach improves both overall and environmental performance of the Company.

## SYSTEM AUDIT

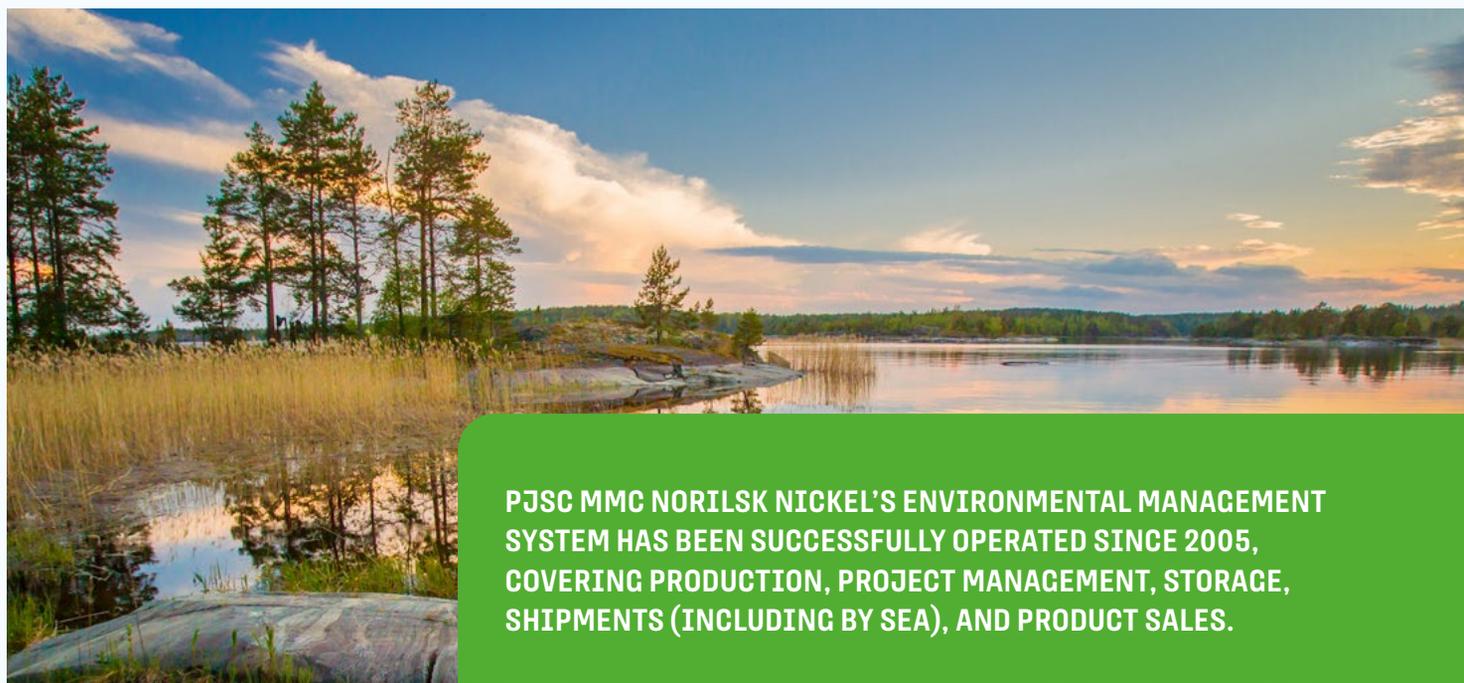
**Certificate**  
ISO 14001-2015

**Certified assets**

- MMC Norilsk Nickel
  - Head Office
  - Polar Division
  - Polar Transport Division
  - Murmansk Transport Division
- Kola MMC
- Norilsk Nickel Harjavalta

**Auditor**  
Bureau Veritas Certification

At the end of 2021,  
**43%**  
of Group companies  
(by headcount) were certified to  
ISO 14001-2015, an international  
environmental standard.



**PJSC MMC NORILSK NICKEL'S ENVIRONMENTAL MANAGEMENT SYSTEM HAS BEEN SUCCESSFULLY OPERATED SINCE 2005, COVERING PRODUCTION, PROJECT MANAGEMENT, STORAGE, SHIPMENTS (INCLUDING BY SEA), AND PRODUCT SALES.**

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

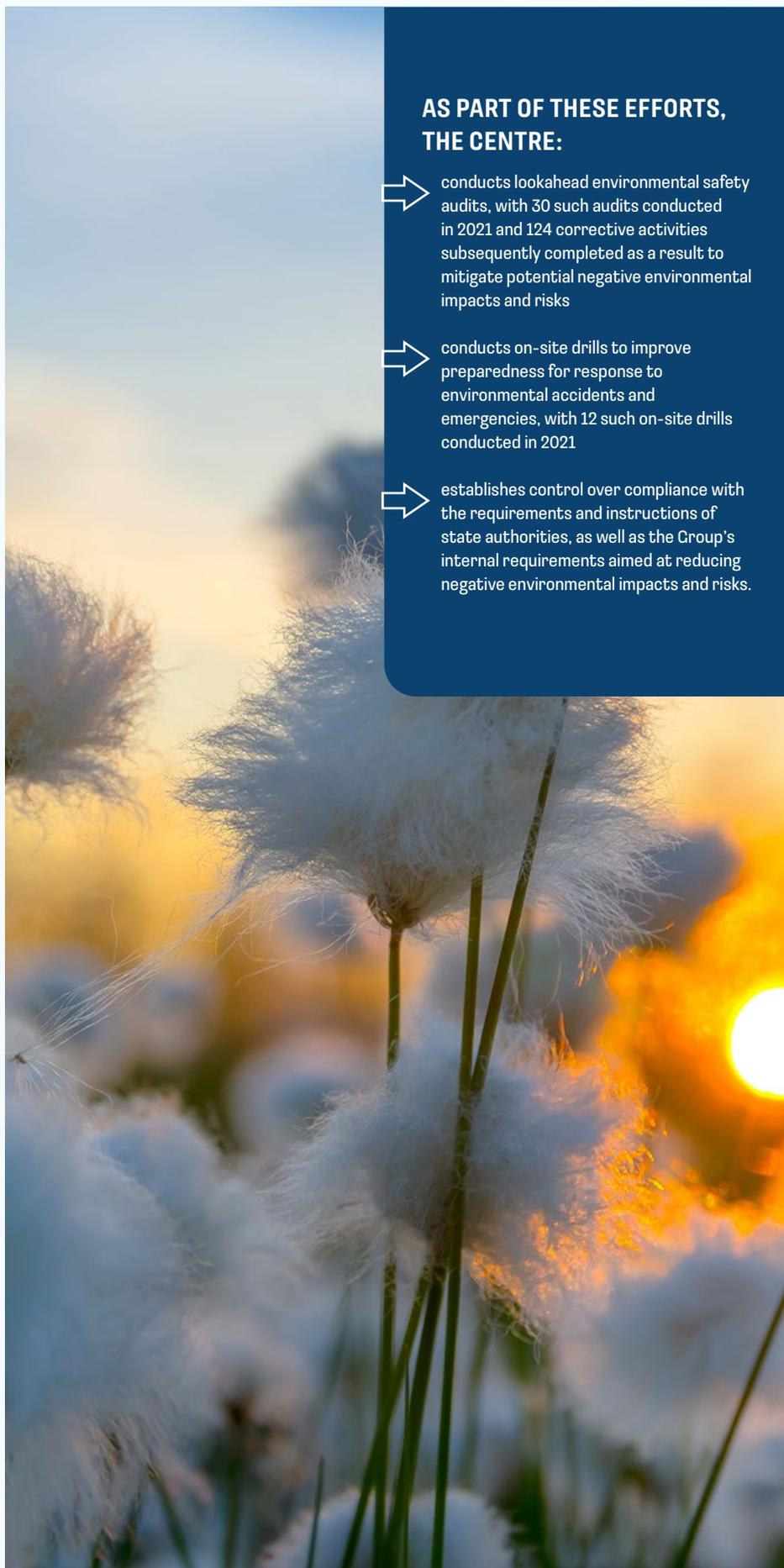
In line with ISO 14001:2015, the Company confirms the EMS compliance with the standard by engaging Bureau Veritas Certification (BVC) to conduct surveillance audits once a year and recertification audits every three years. From March to April 2021, BVC auditors conducted a recertification audit of the Company's environmental management system. The auditors concluded that the Company successfully demonstrated that it had deployed and was maintaining and continuously improving its corporate integrated quality and environmental management system, as well as confirmed its compliance with ISO 14001:2015, and issued a certificate of compliance for another (sixth) certification period. The first surveillance audit (for the sixth certification period) was conducted in November 2021 to evaluate the effectiveness of the Company's existing environmental management system and verify its compliance with ISO 14001:2015. The auditors concluded that, in general, the Company's corporate integrated quality and environmental management system met the requirements of ISO 14001:2015 and renewed its certificate of compliance. Among other things, the auditors praised the Company's Environmental Policy, which was updated in 2021 and demonstrates the leadership of the Company's top management in addressing environmental matters.

## ENVIRONMENTAL SAFETY

To improve environmental safety, the Company has set up an Ecological Monitoring Centre, primarily focusing on building a monitoring framework to detect anomalies in operations that may cause environmental incidents, accidents or emergencies. Timely detection of such threats can prevent incidents or ensure a rapid response to mitigate their negative environmental impact.

### AS PART OF THESE EFFORTS, THE CENTRE:

- ➔ conducts lookahead environmental safety audits, with 30 such audits conducted in 2021 and 124 corrective activities subsequently completed as a result to mitigate potential negative environmental impacts and risks
- ➔ conducts on-site drills to improve preparedness for response to environmental accidents and emergencies, with 12 such on-site drills conducted in 2021
- ➔ establishes control over compliance with the requirements and instructions of state authorities, as well as the Group's internal requirements aimed at reducing negative environmental impacts and risks.



# Climate change

Nornickel's Board of Directors considers the Company's climate change strategy as a matter of priority and is responsible for its review and approval.

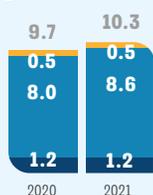
## GHG EMISSIONS

In 2021, GHG emissions (Scope 1 and 2) totalled about 10.3 mln t. Greenhouse gas emissions increased in 2021 primarily due to the inclusion of emissions from the Group's non-production enterprises in the

corporate emissions inventory, changes in production processes, and an abnormally cold winter in the Norilsk and Kola Divisions.

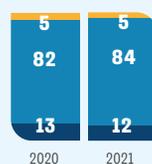
The decision to include non-production enterprises in the GHG inventory was driven by the stocktaking the GHG sources and preparation for amendments to Russian climate laws.

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



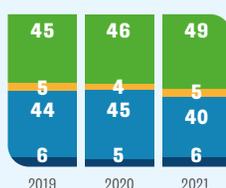
- Scope 1 emissions from households and infrastructure facilities
- Scope 1 emissions from production facilities
- Scope 2 emissions from production facilities

GHG emissions Scope 1&2 (%)



- Scope 1 emissions from households and infrastructure facilities
- Scope 1 emissions from production assets
- Scope 2 emissions from production assets

Sources of GHG Scope 1 (%)



- Other
- Downstream facilities
- Transport assets
- Energy assets

Scope 3 downstream GHG (mln t)



- First use
- Transportation

## TARGETS TO 2028:

- ➔ Reduce absolute greenhouse gas emissions (Scope 1 and 2) from production operations to 7.7 mln t of CO<sub>2</sub> equivalent with a 30%–40% increase in metal output from 2017
- ➔ Reduce the intensity of greenhouse gas emissions (Scope 1 and 2) from production operations by 37% to 5 t of CO<sub>2</sub> equivalent per tonne of Ni equivalent
- ➔ Increase low-carbon energy usage
- ➔ Manage climate-related risks by building resilience strategies and helping communities in the Norilsk Industrial District and the Murmansk Region embrace energy efficient, low-carbon technologies
- ➔ Support the economy's low-carbon transition, foster innovation, scale new solutions, and encourage climate action dialogue within and across industries

<sup>1</sup> GHG emissions were calculated as per the GHG Protocol Guidelines. Estimates of greenhouse gas emissions for the Group included the following greenhouse gases: direct emissions of carbon oxide (CO<sub>2</sub>) – 9.7 mln t, nitrogen oxide (N<sub>2</sub>O) – 13 kt, and methane (CH<sub>4</sub>) – 140 kt, mostly from gas transportation.

Nornickel's key production facilities are located in the Norilsk Industrial District, in the Arctic Circle, and operate in sub-zero temperatures for about eight months of the year. Since the Norilsk Industrial District is isolated from the federal energy infrastructure, Nornickel generates electricity and heat locally at its own generating facilities (100% owned by the Group). As a result, the bulk of GHG emissions comes from the Company's energy assets. At the same time, as Nornickel is the only producer of electricity and heat in the Norilsk Industrial District, the Company also fully meets the demand for energy resources and heat from social infrastructure facilities and the local population. The share of GHG emissions generated by infrastructure facilities and households in Nornickel's regions of operation is on average 11% of total Scope 1 and 2 GHG emissions.

In 2021, the Company continued to quantify indirect GHG emissions (Scope 3) from its product sales in accordance with the GHG Protocol, including emissions associated with product transportation from the Company's production assets to the customer and first use of the product.

In 2021, these emissions totalled 3.1 mln t of CO<sub>2</sub> equivalent for the Nornickel, up 18% y-o-y. The increase was primarily driven by stronger sales of Bystrinsky GOK's iron ore concentrate used to produce steel, which is a highly carbon-intensive process. Iron ore concentrate accounts for 83% of the Company's total Scope 3 downstream emissions.

## PERMAFROST MONITORING

The key risk entailed by global climate change for the Northern climatic zone covering the Norilsk Industrial District includes permafrost thawing, which can significantly reduce permafrost bearing capacity. To minimise the risks associated with global temperature changes, as well as to improve forecasting for preventing the negative impact of higher soil temperatures on buildings and structures, the Company has taken a range of measures under its Risk Management Policy. In particular, Nornickel engaged in monitoring and controlling risks associated with global climate change, launching, among other things, the deployment of a building and structure monitoring system in the Norilsk Industrial District. The building and structure monitoring programme aims to equip them with an array of sensors, which will feed real-time data to the main control centre. In total, the programme is planned to install sensors across some 1,500 facilities in the Norilsk Industrial District. Key activities implemented in 2021:

- Creation of an information and diagnostic system for monitoring buildings and structures, which will process both automatically and manually collected data
- Automated monitoring of foundation soil temperature and foundation deformations across 165 facilities (Phase 1 deployment of the building and structure monitoring system, including using satellite interferometry technology provided by Sovzond)
- Pilot installation of strain gauges at one of the facilities to monitor the stress strain behaviour of large-span structures

Phase 2 deployment will connect 55 production facilities of NTEC and 5 tailings storage facilities of the Norilsk Division to the monitoring system before 2024.

## RENEWABLES AND ENERGY EFFICIENCY

Since its inception in 1935, the Company has been developing in a harsh climate, given that its largest production asset, the Norilsk Division, is located within the Norilsk Industrial District in the Arctic Circle. As such, this remote region has never been connected to Russia's energy and transport infrastructure. Therefore, the Company has historically been self-sufficient in building its operations, including in terms of electricity/energy generation and

transmission. Natural gas and renewable sources (hydropower) are the core low-carbon sources for energy generation. Diesel fuel, fuel oil, petrol, and jet fuel are used by Norinickel's transport assets. Use of high-carbon fuel by energy assets is minimised. Only small amounts of coal are used in certain production processes.

The Company's key renewable energy source is hydropower generated by the Group's Ust-Khantayskaya and Kureyskaya HPPs. In 2021, the share of renewables in total electricity generation stood at 47% for the Group and 52% for the Norilsk Industrial District.

The use of other renewables, such as solar and geothermal energy, is impracticable as Norinickel's core production assets are located in the Arctic Circle in the Norilsk Industrial District, in harsh climatic conditions. The Company is also evaluating the available options for constructing wind farms.

Overall, the Group's own energy assets (including Kola MMC and other assets that mainly purchase electricity from third parties) generate about 83.2% of total electricity consumed by the Group. The Group also supplies electricity and heat to external consumers, primarily local social infrastructure and communities in the Norilsk Industrial District.

### Climate impact on the use of renewables in the Arctic Circle



Air temperatures stay below freezing point for

**about eight months** a year

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

Polar nights and twilights last for

**more than 100 days**

Permafrost is **300 to 500 metres** deep

### Energy generation and consumption by the Group (TJ)<sup>1</sup>

No.	Item	2017	2018	2019	2020	2021
1	Fuel consumption by the Company <sup>2</sup>	156,569	148,910	144,772	141,237	151,235
	Natural gas	134,709	129,335	125,329	122,216	130,867
	Diesel fuel and fuel oil	15,221	13,788	13,535	13,939 <sup>3</sup>	15,097
	Petrol and jet fuel	5,178	4,127	3,820	2,902	3,715
	Coal <sup>4</sup>	1,460	1,660	2,087	2,180	1,557
2	Electricity and heat from own renewable sources (HPPs)	12,414	14,877	15,058	15,310	14,586
3	Electricity and heat purchased from third parties	10,483	10,931	11,331	11,200	10,891
4	Sales of electricity and heat to third parties	19,503	18,926	18,766	17,254	19,974
5	<b>Total consumption of electricity and fuel (1 + 2 + 3 - 4)</b>	<b>159,962</b>	<b>155,792</b>	<b>152,395</b>	<b>150,493</b>	<b>156,738</b>

1 For a detailed breakdown of the Group's energy consumption by company, please see the 2021 Sustainability Report.

2 Including the fuel used to generate electricity for Norilsk.

3 Including the diesel fuel spill in May 2020.

4 Coal is only used in production processes, with Kola MMC accounting for 60% of total consumption, GRK Bystrinskoye 20%, the Polar Division 9%, Norilsk Production Support Complex 5%, and other subsidiaries 6%.

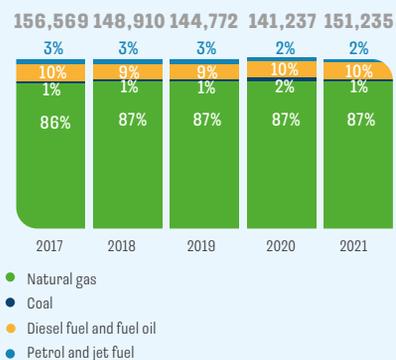
The year-on-year increase in fuel consumption was primarily driven by higher gas consumption by NTEC enterprises due to a colder winter, as well as higher diesel fuel consumption by NTEC enterprises due to the burning of separated fuel collected as part of the emergency response at CHPP-3 in order to empty tanks for technical diagnostics.

The Group attaches great importance to improving the energy efficiency of its existing and future production sites, focusing on keeping GHG emissions within the declared targets under its comprehensive environmental programme.

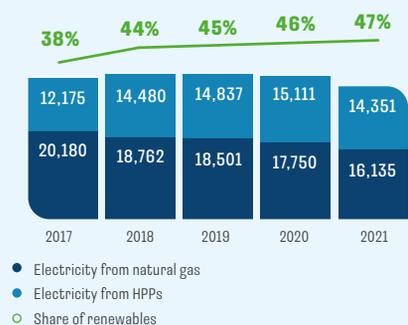
The programme provides for investing close to USD 8 billion in upgrading and boosting the safety of the Company's energy infrastructure in 2021–2030. The investments will cover a wide range of projects related to equipment replacement at thermal and hydropower plants, and upgrade of fuel tank storage facilities, power grids and gas pipelines.

Fuel equivalent savings in 2021 totalled 23,574 t of fuel equivalent, and 4,902 thousand kWh of electricity, with 41 energy saving initiatives implemented.

### Fuel consumption (TJ)



### Electricity consumption (TJ)



# Air

High sulphur dioxide emissions from the smelting of sulphide concentrates with high sulphur content are a key environmental issue for the Company.

Nornickel's strategic plan is to transform the Company into an environmentally clean and safe business by implementing Sulphur Project 2.0 across the Norilsk and Kola Divisions.

## SULPHUR PROJECT 2.0 AT THE NORILSK DIVISION

Sulphur Project 2.0 at the Norilsk Division is expected to reduce sulphur dioxide emissions in the Norilsk Industrial District by 45% in 2023 and by 90% in 2025 (from a 2015 baseline). The project is implemented in phases at Nornickel's two core downstream facilities: Nadezhda Metallurgical Plant (completion date: 2023) and Copper Plant (2025).

In 2020–2021, a complete set of design documents was developed for the Nadezhda Metallurgical Plant site, with some of the process equipment manufactured and delivered to Norilsk. A large amount of construction and installation work was completed (excavation and concrete work, installation of metal structures, fences, core process equipment and pipelines, construction of overhead power lines and the gypsum storage facility dam, preparation of a transport corridor for transporting large and heavy equipment, etc.).

SO<sub>2</sub> emissions from the Kola Division decreased

by **78% y-o-y**

SO<sub>2</sub> emissions from the Norilsk Division decreased

**14% y-o-y**

For the Copper Plant site, the necessary design documents were developed (operating procedures, basic engineering, and other design documentation) with the necessary expert reviews completed.

## SULPHUR PROJECT 2.0 IN THE KOLA DIVISION

Following the closure of the smelting shop in Nikel in 2020 and the metallurgical shop in Monchegorsk in 2021, the total sulphur dioxide emissions by the Kola Division in 2021 were down 78% y-o-y and 90% from a 2015 baseline, exceeding the Company's strategic target of an 85% cut.

In 2021, the Group's pollutant emissions totalled 1.6 mln t, down 16% y-o-y. The decrease in emissions was primarily driven by lower processing volumes at the Norilsk Division due to constraints at Norilsk Concentrator and the temporary shutdown of flooded mines, as well as due to the scheduled closure of the metallurgical shop at the Kola Division in March 2021.

## ENVIRONMENTAL MONITORING OF AIR

In 2021, the Company signed an agreement with the Russian Environmental Operator to pilot an automated air monitoring system at its enterprises and in residential areas of Norilsk. A network of 16 small-size sensors to monitor air quality was deployed across various districts of Norilsk in autumn. Their

### TARGET:

improve air quality (reduce SO<sub>2</sub> and other pollutant emissions) in the regions of operation.

### KEY NEXT STEPS:

deliver Sulphur Project 2.0 and other air emission reduction projects.

operation will be continuously supported by Edinstvo. Currently, a data collection and transmission system is in the pre-commissioning and testing phase to make data publicly available. As part of the Clean Air federal project, three Rosgidromet observation stations were also installed in the Tsentralny District of Norilsk in September 2021 to continuously obtain air quality and meteorological data.

The project will select the best technology solutions for transmitting air quality data online, with the tested principles and solutions to be subsequently rolled out to other cities participating in the Clean Air federal project within the Ecology national project. A hardware/software solution for online monitoring of SO<sub>2</sub> emissions was also installed at the Kola Division in Monchegorsk.

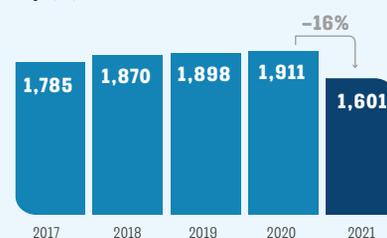
## Air pollutant emissions across the Group (kt)

Item	2017	2018	2019	2020	2021
<b>Across the Norilsk Nickel Group</b>	<b>1,847</b>	<b>1,927</b>	<b>1,953</b>	<b>1,968</b>	<b>1,647</b>
Sulphur dioxide (SO <sub>2</sub> )	1,785	1,870	1,898	1,911	1,601
Nitrogen oxide (NO <sub>x</sub> )	11	11	10	10	11
Particulate matter	14	15	13	15	9
Other pollutants	36	31	31	31	25
<b>Norilsk Division</b>	<b>1,705</b>	<b>1,789</b>	<b>1,819</b>	<b>1,858</b>	<b>1,604</b>
Sulphur dioxide (SO <sub>2</sub> )	1,676	1,765	1,799	1,837	1,585
Nitrogen oxide (NO <sub>x</sub> )	2	1	1	1	1
Particulate matter	6	6	4	4	5
Other pollutants	22	18	16	16	13
<b>Kola Division</b>	<b>122</b>	<b>117</b>	<b>111</b>	<b>83</b>	<b>20</b>
Sulphur dioxide (SO <sub>2</sub> )	109	105	99	73	16
Nitrogen oxide (NO <sub>x</sub> )	1	2	2	2	2
Particulate matter	7	8	7	6	1
Other pollutants	5	3	3	2	1
<b>Trans-Baikal Division</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>5</b>	<b>3</b>
Sulphur dioxide (SO <sub>2</sub> )	-	-	0	1	0
Nitrogen oxide (NO <sub>x</sub> )	-	-	0	0	0
Particulate matter	-	-	2	3	2
Other pollutants	-	-	1	2	1
<b>Other</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>22</b>	<b>20</b>
Sulphur dioxide (SO <sub>2</sub> )	0	0	0	0	0
Nitrogen oxide (NO <sub>x</sub> )	9	9	8	7	9
Particulate matter	1	1	0	2	0
Other pollutants	10	10	12	12	11

In 2021, total Group air pollutant emissions decreased

by **16% y-o-y**

## Sulphur dioxide emissions across the Group (kt)



# Water

**Targets:** maintain the recycled water ratio and reduce pollution; continue providing clear water to local communities.

**Key next steps:** develop solutions for treatment of mine and industrial wastewater, build and operate new treatment facilities, deploy new technical solutions, remediate pollution from environmental accidents in line with the Great Norilsk Expedition recommendations.

The Company's major production assets are located in regions with sufficient water resources. In 2021, as in previous years,

no shortage of water was reported as enterprises and households were supplied with sufficient amounts of water. In general, the Company is extremely careful about its use of fresh water and strictly complies with restrictions applicable to industrial water withdrawal. The Company is committed to sustainable use of water resources and prevention of water body pollution.

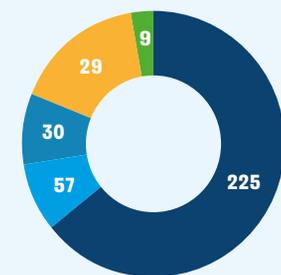
Nornickel's key production facilities use closed water circuits to keep water withdrawal on a relatively low

level. Furthermore, the Company never withdraws water from protected natural areas. In 2021, 85% of all water used by the Company was recycled or reused. This water was mostly withdrawn from surface and underground water bodies, in addition to third-party wastewater and natural water inflow. Natural water inflow and meltwater accounted for 15% of the total water withdrawal in 2021. All facilities using water have programmes in place to monitor water bodies and water protection areas.

## Water consumption and discharge

### WATER WITHDRAWAL

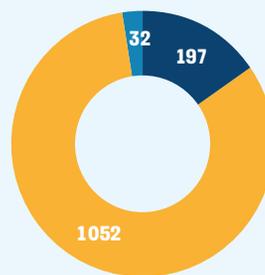
**351 Mcm:**



- Surface sources
- Underground sources
- Wastewater
- Natural water inflow
- Other

### CONSUMPTION

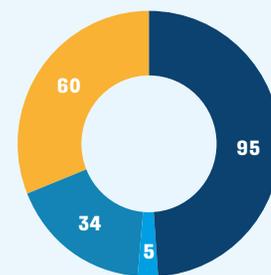
**1.281 Mcm:**



- fresh water
- water reused in other production processes
- recycled water

### WASTEWATER DISCHARGE

**194 Mcm:**



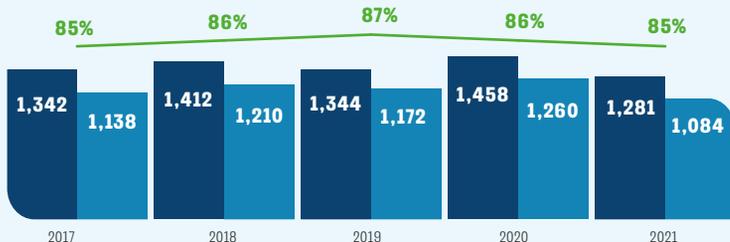
- Clean
- Treated
- Insufficiently treated
- Contaminated

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

In 2021, the mass of pollutant discharges decreased by

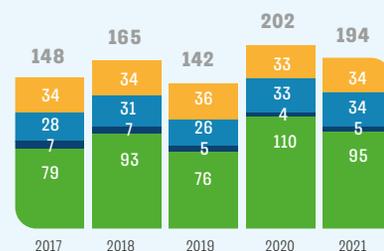
**3% y-o-y.**

### Water consumption (Mcm)



- Consumed water volume
- Water recycled and reused
- Share of reused and recycled water

### Wastewater discharge (Mcm)



- Clean
- Treated
- Insufficiently treated
- Contaminated



ENVIRONMENTAL PROJECTS ACCOUNT FOR **30%** OF THE TOTAL NUMBER OF INNOVATIVE INITIATIVES IN THE COMPANY'S PORTFOLIO, INCLUDING:

- ⇒ digital monitoring of the quality of wastewater discharge for compliance with legal requirements for water management, taking into account the development of a system for collecting, analysing and visualising data from Automated Laboratories
- ⇒ setting up an electronic system for recording the results of operational environmental control across all aspects of the Company's environmental impact, including automated reporting and generation of declarations, etc.
- ⇒ monitoring of waste storage facilities using a quadcopter, including to prevent risks related to unauthorised waste disposal.

### WATER RISK MANAGEMENT

The Company's ongoing procedures to assess the risks of its impact on water resources include:

- wastewater inventory
- monitoring of wastewater discharge volume and quality at discharge sites
- observation of surface water bodies at control points upstream and downstream of discharge sites
- investments in improving the performance of water treatment systems and building new systems
- monitoring of wastewater treatment processes at treatment facilities and implementation of organisational and technical measures to improve treatment effectiveness.

# Tailing dumps and waste

**Targets:** maintain the safe operation of tailings storage facilities and minimise the environmental impact of mineral and non-mineral waste.

**Key next steps:** build a mass balance model for waste management and prepare for implementing the principles of the Global Industry Standard on Tailings Management.

## WASTE

The Company reuses most of its industrial waste in its own operations as approximately 99% of the waste generated are nonhazardous. This is mostly waste from the mining and smelting operations, including rock

and overburden, tailings, and metallurgical slags. Ore extraction waste is used as backfill for underground workings and open pits, road fill, or for tailings dam reinforcement. The increase in generation of hazard classes IV and V waste was driven by a ramp-up in production operations and in construction and dismantling work.

### Waste generation by hazard class (kt)

Hazard class	2017	2018	2019	2020	2021
V	30,722	29,517	35,300	144,052	154,923
IV	1,190	1,191	1,115	1,175	1,487
III	12	15	5	7	5.6
II	2.4	1.1	0.03	0.05	0.05
I	0.1	0.1	0.04	0.04	0.04
Total	31,926	30,725	36,420	145,234	156,416

## TAILINGS

Nornickel currently operates six tailings storage facilities: four in the Norilsk Division, taking tailings from Talnakh and Norilsk Concentrators and Nadezhda Metallurgical Plant; one at Kola MMC, storing tailings from Zapolyarny Concentrator; and Bystrinsky GOK tailings storage facility.

Despite the fact that all tailings storage facilities operated by the Company are located at a significant distance from production facilities and communities, Nornickel recognises tailings storage facilities as higher-risk assets with significant potential environmental and social impacts. The Company ensures the safe operation of its tailings storage facilities, regularly monitors the condition of hydraulic structures and inspects discharge sites, as well as adjacent areas.



### IN 2021, THE COMPANY ADOPTED A TAILINGS MANAGEMENT POLICY FOCUSED ON THE FOLLOWING GOALS:

- Responsibly manage tailings storage facilities and recycle as much mineral processing waste as possible
- Ensure safety and mitigate risks throughout the life cycle of tailings storage facilities, and seek to reduce the risks of emergencies to zero
- Disclose information on the safe operation of tailings storage facilities

# Biodiversity

In 2021, the Company planned extensive baseline biodiversity surveys, covering exploration, mining, production, transport, logistics, and energy facilities of the Norilsk, Kola, Trans-Baikal and Energy Divisions. The Siberian Branch of the Russian Academy of Sciences (RAS), which oversees this effort, was commissioned to conduct the surveys.

Its researchers will help to accomplish the following key survey tasks:

- Delineate the areas where ecosystem biodiversity is affected by the Company and establish the ecosystems' exposure to anthropogenic impact
- Study and assess the current state of biodiversity inside and outside the adversely affected areas
- Establish biodiversity composition in the disturbed areas, as well as in areas outside those that are adversely affected

- Identify the indicator species for the local environment (ecosystem), as well as protected species in the survey area
- Identify adverse impacts and threats to biodiversity from the Company's production facilities
- Classify habitat areas into natural, altered and critical habitat categories

The data from the surveys will provide a basis for building a biodiversity impact management system and identifying specific divisional-level targets to measure the common ambition to achieve the overall goal of no net loss of biodiversity. The system will also lay the foundation for developing divisional biodiversity conservation and monitoring programmes and targeted programmes for cooperation with agencies managing protected areas.

## TARGET:

manage impacts on biodiversity.

## PLANNED ACTIVITIES:

- develop and deploy a biodiversity impact management system,
- restore biodiversity disturbed by the NTEC accident which damaged the environment,
- develop divisional biodiversity conservation and monitoring programmes,
- and update programmes to support nature reserves.

## CHPP-3 ACCIDENT RESPONSE

On 29 May 2020, pile sinking and loss of containment in an emergency fuel storage tank at CHPP-3 in the Kayerkan District of the city of Norilsk resulted in a spill of 21 thousand tonnes of diesel fuel. Since CHPP-3 is located in a remote area, the city was not impacted by the spill. The Company responded immediately, completing the first and second phases of clean-up (collecting spilled fuel) as well as the third phase (transportation and disposal of contaminated soil and water/fuel mixture) by end-2020. In 2021, the Company commenced phase 4 – land restoration and remediation, with the following activities completed:

- Settlement of the Rosprirodnadzor claim related to soil and water damage and the claims of the Krasnoyarsk Territory Ministry of Natural Resources related to damage to wildlife

- Use of sorbents on bank lines to remove remaining contamination (a continuation of the work commenced in 2020)
- Transportation of over 127 thousand tonnes of soil from temporary storage to an industrial disposal site near Nadezhda Metallurgical Plant for biological remediation
- Restoration of soil cover and seeding the areas (a continuation of the work commenced in 2020)
- Monitoring of water bodies, soils, flora, and fauna (a continuation of the work commenced in 2020)
- Reproduction of aquatic biological resources (ongoing programme)

Also in 2021, independent expeditions and assessments were conducted to observe and study various environmental components. The Siberian Federal University reported that, according to the survey results, no significant damage by the

petroleum product spill to vegetation and wildlife was observed across most of the affected area.

The following activities are planned for 2022:

- Discussion with the Federal Agency for Fishery of in-kind compensation for damage to aquatic bioresources
- Disposal of contaminated soil by microbiological remediation (bioremediation), as well as the disposal of sorbent and barrier booms, sorbents, and containers made of polymeric materials by thermal treatment
- Survey of the remediation area to assess the effectiveness of activities and the progress of contaminated and disturbed land restoration (continuation of work in warm periods)
- Contaminated land remediation project in the remaining area: 209,100.0 m<sup>2</sup> of disturbed land and 65,312.8 m<sup>2</sup> of contaminated land



# GREAT NORILSK EXPEDITION 2021

In 2021, as part of the Great Norilsk Expedition 2021 in Taimyr, scientists from 11 research institutions of the RAS Siberian Branch thoroughly assessed the condition of water bodies and soils on the peninsula for several months. Overall, the three stages of the 2021 expedition covered more than 100 sites, taking over 1 thousand samples weighing about 800 kg in total.

Over a four-month period, the experts observed changes in the total content and composition of hydrocarbons in water samples. The 2021 detailed study of the spill's consequences covered all watercourses in the survey area: the Bezymianny (Nadezhdinsky) Stream, the Norilskaya, Dal'dykan and Ambarnaya Rivers, Pyasino Lake, the Pyasina River, as well as reference areas – Melkoe and Lama Lakes, the Boganida River and the adjacent plateau. The surveys also covered soils in all floodplains, as well as zoo- and biodiversity.

Ichthyological research was an important focus area of the Great Norilsk Expedition 2021. The research benefited from active contribution of indigenous peoples of the North, who helped the RAS Siberian Branch scientists with sampling in northern areas.

Laboratory work was carried out by various scientific institutes of the RAS Siberian Branch in Novosibirsk, Barnaul, Tomsk, Krasnoyarsk, Norilsk, and Yakutsk, using advanced equipment to study the collected samples.



## KEY FINDINGS OF THE GREAT NORILSK EXPEDITION 2021

- Boom defences proved to be effective
- Remediation efforts proved to be effective
- Overall impact of the diesel fuel oil spill on the ecosystem has shown a decline
- The ecosystem was confirmed to be capable of significant self-restoration when biological products based on strains of hydrocarbon-oxidising microorganisms were used



“Nornickel demonstrates its ever increasing commitment to being a responsible user of natural resources and conducts detailed studies of its operating regions. This systematic engagement with academia, which offers superior research capabilities and numerous cases of their successful combination, can be hailed as a role model for all major natural resource users in Russia.”

### ACADEMICIAN VALENTIN PARMON,

President of the Siberian Branch of the Russian Academy of Sciences, Research Supervisor of the Great Norilsk Expedition

## CLEAN-UP OF LEGACY POLLUTION

Nornickel's ongoing programme to clean up areas and address legacy pollution, including abandoned building demolition and scrap metal collection and recycling, is a separate and a very important focus of the Company's Environmental Strategy.

In 2021, a total of 1 million m<sup>2</sup> were cleaned:

- in the between-pipe spaces of the trunk pipeline networks
- on the premises of combined heat and power plants Nos. 1 and 3
- on some sections of the Company's mines in Talnakh.

Other work completed:

- Collection and disposal of stainless steel and other scrap metal (over 37 kt)
- 247 kt of construction waste removed
- 87 dilapidated buildings dismantled

## COOPERATION WITH NATURE RESERVES

There are no nature reserves in the proximity of Nornickel's operations. In the Murmansk Region, the Pasvik and the Lapland nature reserves are 10 to 15 km away from the Kola Division production facilities. In the Krasnoyarsk Region, the boundaries of the Putoransky Nature Reserve buffer zone are at a distance of 80 to 100 km from the Norilsk Division production sites.

Nevertheless, the Company has been supporting nature reserves for over 10 years now, in line with its long-term strategy to maintain biodiversity in its regions of operation and to preserve the unique Arctic nature.

2021 saw the launch of the Zatundra project for the integrated development of a unique area located in the Arctic Circle, near Norilsk. Plans are in place to establish the necessary tourist infrastructure for the development of nature tourism in one of the most spectacular and remote places in Siberia – on the basalt Putorana Plateau – over the next five years (between 2021 and 2026). The project involves building the tourist village hub of Kanchul Bay, which will have a total accommodation capacity of 605 rooms, as well as related utilities and amenities. This will be supplemented by an

The goal is to dismantle unused facilities and clean up the areas:

**467**  
abandoned  
buildings and  
structures

**>1.3**  
mln t  
of industrial  
waste

**>2**  
mln t  
of rubbish

**>600 kt**  
of scrap metal

extensive network of campsites for 600 pitches, hiking trails and paddling routes for nature and expedition tourism. Plans include the construction of necessary supporting infrastructure. The tourist infrastructure will be located outside the Putoransky Nature Reserve, with accommodation sites used as starting points for various tourist routes throughout the Taymyrsky District, including visits to the Putoransky Nature Reserve.

The Kola Division also helps to develop and implement further measures to protect rare animal species. In particular, in 2021, the Lapland Nature Reserve launched the Let's Save Reindeer Together project, supported by the Company under its World of New Opportunities corporate charitable programme. The project aims to protect the wild reindeer, a species listed in the Red Data Book of Russia due to poaching. The Lapland Nature Reserve is the only place in Northern Europe with a wild reindeer population as large as some 1 thousand.

The Pasvik Nature Reserve's ongoing environmental monitoring programme covering the Kola Division's footprint and the reserve's adjacent areas has been running since 2006. The shutdown of smelting operations in Nikel has expanded the scope of monitoring activities, with Pasvik environmental scientists expected to assess the restoration of terrestrial and aquatic ecosystems in the Pechenga District on a larger scale over the coming decades. The focus will be on the ongoing ecosystem changes: overgrowing of wasteland and new plant and animal species found in the district and in areas adjacent to the former industrial site. Another focus of the monitoring programme is studying the composition of atmospheric precipitation. This effort will build on the

research conducted at the Pasvik Nature Reserve between 2009 and 2014 under the International Co-operative Programme on Assessment and Monitoring of Air Pollution Effects on Forests (ICP Forests). This research has now been resumed, with monitoring capabilities enhanced through camera trap data. Pasvik scientists have already used camera traps before, but now they will also be installed near Nikel and Zapolyarny. New vegetation growth on wasteland will also be studied.

The Tourist Routes of the Pechenga District project commenced in the spring of 2021. Two natural monuments have been made accessible to visitors: access to a waterfall on the Shuonijoki River and a cedar forest in the Nikel forestry. Infrastructure in these places has been completely renewed.

In the Zabaykalsky Region, the Company supports the development of research and technical capabilities of the Urumkansky Nature Reserve.

**1 mln m<sup>2</sup>**

of the territory was cleared in 2021

**87**

dilapidated buildings were dismantled



# HUMAN RESOURCES

One of the Company's focus areas is to nurture corporate culture aimed at boosting employee performance and commitment to take responsibility for delivering results.

## IN 2020, NORNICKEL CO-FOUNDED WOMEN IN MINING RUSSIA, A PROJECT TO SUPPORT WOMEN'S DEVELOPMENT IN THE MINING INDUSTRY.

In 2021, **56 female employees** of Nornickel submitted applications to participate in the all-Russian contest Talented Woman in the Extractive Industry, with 11 of them short-listed and three winning the contest.

Nornickel views its employees as its key asset and invests in their professional and personal development while creating an environment promoting employee performance and engagement.

The Company makes sure all employees enjoy equal rights and treatment regardless of gender, age, race, nationality, and origin. Nornickel provides all its employees with the same opportunities to unlock their potential, and promotes them solely on the basis of professional competencies. Respect for each employee and their rights lies at the heart of Nornickel's business. The Company does not use child or forced labour.

### Awards and industry recognition

#### IN 2021, NORNICKEL SHOWED STRONG PERFORMANCE IN BEST EMPLOYER RANKINGS:



Best employer in the metals and mining industry among students, graduates and professionals according to Universum and Randstad Award



Best employer in the metals industry among students of leading higher education institutions (HEI) according to the Best Company Award ranking by Changellenge, as well as the 2nd place in the Power of Growth category, reflecting steady growth of interest from students in business programmes



Best employer in the metals industry, as well as 14th best employer for its target audience in Future Today's ranking based on a survey of Russian university students



16th place (out of more than 600 companies) among the largest companies in the national employer ranking by HeadHunter and RBC



Silver in Forbes' ranking of Russia's best employers (top 50 out of 104 participating companies), gold in the Employees and Society category, and platinum in the Corporate Governance category.

## PREVENTING THE SPREAD OF COVID-19

In 2021, the Company continued supporting healthcare facilities and local businesses. A major programme was completed to monitor and promote employee vaccination, with regular PCR testing, vaccine procurement, mobile vaccination sites (including in remote areas), extra days off after vaccination, and gifts for the vaccinated.

During the coronavirus pandemic, the Company was making supplementary payments in addition to temporary disability benefits in case of post-vaccination adverse reactions, as well as to employees who had to self-isolate and were unable to perform their duties. In some of its operating regions, the Company reimbursed taxi fares to employees commuting to work.

On average, 69% of Nornickel employees have received at least a first vaccine. At many enterprises, including large companies such as NTEC and Kola MMC, over 80% of the workforce has been vaccinated. Overall, it can be said that the Company's operations have adapted to the pandemic.

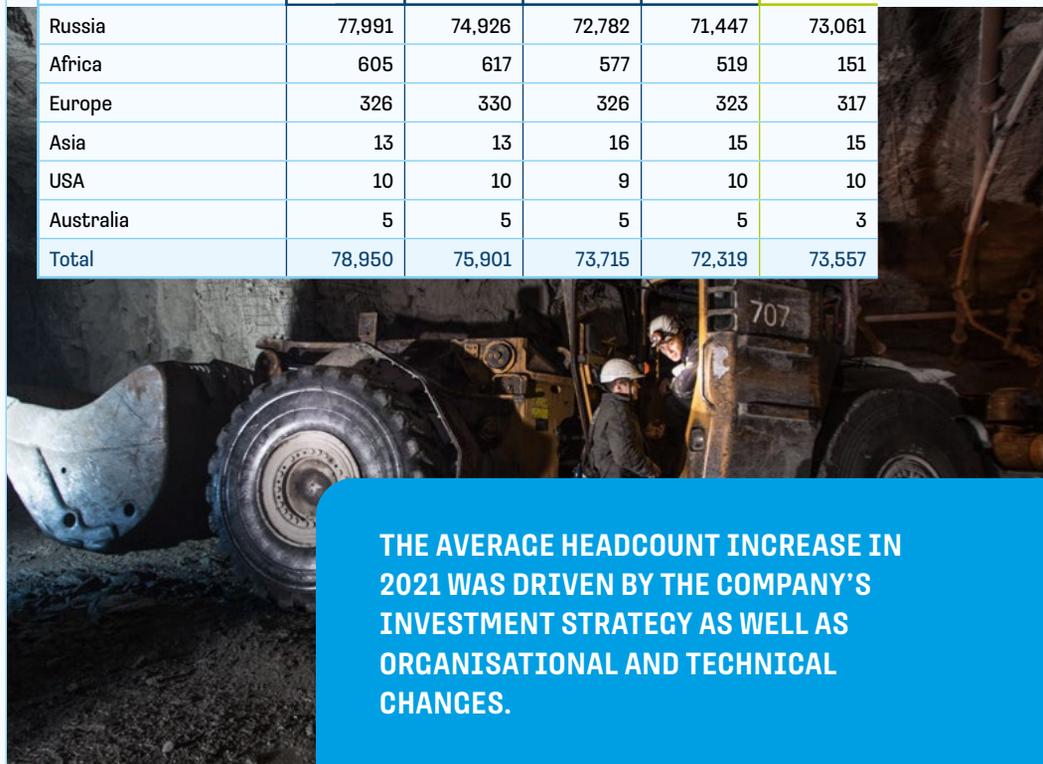
# Staff composition

In 2021, the Group's average headcount was 73,557 employees, of which 99% were employed by its Russian companies. Nornickel is among the main employers in the Norilsk Industrial District and Kola

Peninsula, employing 67% and 16% of the regional workforce, respectively. Local population accounts for 99.8% of the headcount.

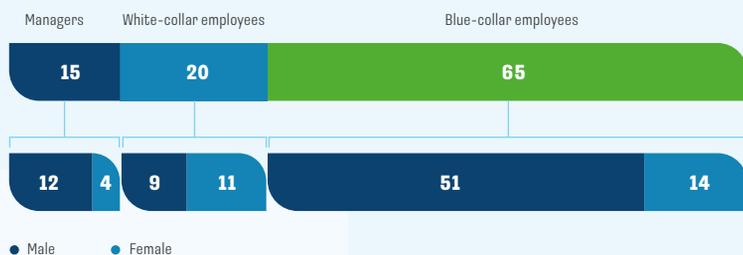
The Group's average headcount (people)

Location	2017	2018	2019	2020	2021
Russia	77,991	74,926	72,782	71,447	73,061
Africa	605	617	577	519	151
Europe	326	330	326	323	317
Asia	13	13	16	15	15
USA	10	10	9	10	10
Australia	5	5	5	5	3
Total	78,950	75,901	73,715	72,319	73,557

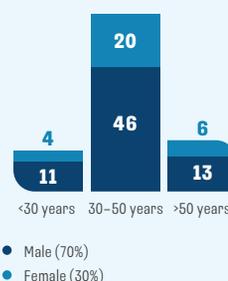


THE AVERAGE HEADCOUNT INCREASE IN 2021 WAS DRIVEN BY THE COMPANY'S INVESTMENT STRATEGY AS WELL AS ORGANISATIONAL AND TECHNICAL CHANGES.

Headcount by category (%)<sup>1</sup>



Headcount by age and gender (%)<sup>1</sup>



<sup>1</sup> Russian operations.

# Recruitment

## PARTNERSHIPS WITH UNIVERSITIES

To spark the interest of young people in professions of mining and metallurgical engineers and the industry on the whole, the Company has launched programmes for undergraduate and graduate students of Russian industry-related universities.

The Company focuses on training and upskilling students majoring in professions that are highly valued at Nornickel. For example, our standard format of the Conquerors of the North educational programme moved online and became available to a wider audience of students from Russian universities involved in the industry.

In 2021, 2,080 students applied for the programme, of which 1,360 passed screening and were invited to join, with 590 completing the programme.

The Conquerors of the North online academy has served as a tremendous library of knowledge for students. The participants listened to 30 video lectures and did a case study to consolidate their

knowledge. Nornickel was the first Russian mining company to engage undergraduates and graduates in addressing real business challenges and promptly move the programme online in response to the pandemic spread in Russia.

In 2021, an online apprenticeship programme was run remotely for the Head Office in Moscow. The best graduates of the leading Moscow universities took part in the programme.

The Company continues to support talented students from industry-related universities, with Nornickel's corporate scholarship awarded to 72 students in 2021.

## ENGAGEMENT

Nornickel goes through the engagement management cycle every year to maintain an environment conducive to integration.

This cycle includes three phases:

- "Let Everyone Be Heard. What Do You Think?" survey
- Analysing the survey findings

- Developing and implementing resulting solutions

In 2021, the engagement index grew by 2 p.p. y-o-y to 56%, in particular in the following categories:

- Conditions for success: +4 p.p.
- The higher score was due to improved workplace amenities, equipment upgrades and renovation projects
- Rewards and recognition: +2 p.p.
- Pay satisfaction grew 5 p.p. y-o-y
- Career opportunities: +4 p.p.

Also, the score on the perceptions of top management metric was out of the risk zone for the first time in four years, with the score on the environmental awareness metric gradually improving.

The survey includes focus group polling among 73 thousand employees from 32 Nornickel enterprises. In 2021, 46.8 thousand employees were covered by the survey, up 10% y-o-y.

All governance levels, from units of individual entities to the Group as a whole, are involved in both survey data analysis and the development and implementation of improvements.

# Development programmes and trainings

The Company provides great opportunities for accessible training, paying particular attention to using advanced technologies for various employee categories. More than 24 thousand employees are active users of the Nornickel Academy corporate education platform, which constantly expands its remote learning opportunities.

Over 150 training courses are now publicly available on the Nornickel Academy platform. The catalogue features courses on the following subjects:

- Me and the Company
- Professional development
- Personal development
- Managing people and processes

The most popular courses in 2021 were the ones developing management and digital skills, as well as job-specific courses and mandatory trainings and briefings. Over 5.3 thousand employees completed training courses to develop their management skills.

The Fundamentals of Non-ferrous Metallurgy course was developed in 2021 for Nornickel specialists with non-metallurgical backgrounds, completed by over 700 employees.

More than 2 thousand people took courses themed around Digitalisation and Information Technology on the Nornickel Academy platform in 2021. The most popular course was Digital Literacy, which was developed under the Digital Nornickel programme to summarise in an accessible

way which digital solutions, technologies and tools are currently available on the market, which have been implemented in Nornickel, and which anyone can use in their daily work. A total of 46.7 thousand people completed the course by the end of 2021.

Overall, 115.5 thousand person-events were held as part of training and retraining programmes, covering 52.2 thousand employees. A total of 5,058 thousand person-hours of training were delivered to 21.7 thousand employees in corporate training centres (41.6 thousand person-events). As restrictions imposed in Russia precluded face-to-face training, the Company actively used remote learning formats for its employees (75.3 thousand person-events).

## LEADERSHIP DEVELOPMENT

The Company maintains its focus on the development of management skills among its leaders. A corporate development programme for top 100 managers, as well as high-potential managers, selected by HR committees, has been in place for four years now. The programme was delivered in a hybrid format during 2021, with a total of 22 managers trained. The programme leverages the project-based approach, whereby participants are involved in designing real-life projects to develop specific business areas for the Company. Each training module included theory, presentations by speakers, project work on group assignments, and plenary discussions of the group work results.

On the Path to Efficiency programme has set a good example in fostering a digital learning culture. It includes five modules aimed at improving the management skills of middle management:

- Results-based management ("Manage!")
- Labour productivity ("Improve!")
- Effective communications ("Negotiate!")
- Financial management ("Analyse!")
- Team management ("Interact!")

In 2021, management training under the 360-Degree Management programme was continued, with 360-degree assessment of managers' skills.

The programme focused on the development of corporate and management skills. Participants could select training topics themselves based on their assessment results and development areas highlighted in their individual development plans. Training was offered on six topics:

- HR management
- Execution management
- Corporate skills development
- Communications
- Systems thinking
- Partner relations

A total of 139 managers were trained.

Supervisor School, a new training programme for line managers, was launched in 2021, with 72 supervisors trained.

Participants who completed feedback questionnaires rated the programme at 9.6 on a 10-point scale.

## ASSISTANCE PROGRAMME

Since the Company's production sites are located in remote areas, Nornickel actively sources staff for its production facilities from other regions of Russia. The Assistance programme helps new hires adapt to their new environment and settle into their new communities on the Taimyr Peninsula. The programme targets not only

highly qualified specialists and managers but also young talent and workers with hard-to-find skills. Today, it covers 1,587 of Nornickel employees, including 758 new participants, who joined in 2021. With this programme, the Company seeks to provide the participants with comfortable living conditions and reimburse them for relocation and resettlement costs.

**1,587 employees** were participants assistance programme

In 2021, the Company's expenses for the social package amounted

**USD 142 mln**

**USD 2.0 thousand** was the average monthly salary of employees



# Employee evaluation and remuneration

Nornickel's remuneration framework is linked to key performance indicators (KPIs) for different job grades. KPIs include social responsibility, occupational safety, environmental safety, operational efficiency, and capital management metrics, with due consideration of cross-functional interests. In 2021, more than 13 thousand employees of the Group were assessed against their KPIs.

KPI setting is driven by the Company's well-established principles of balance, regularity, KPI achievement validation, decomposition, and ambition, as well as the SMART criteria. Cascading is one of the tools used in KPI setting: a manager breaks down their KPI into components and cascades them to subordinates. Therefore, when each employee meets their KPI targets, their superiors' KPIs are also achieved.

The KPI framework is instrumental in streamlining performance evaluation criteria and enabling managers and

employees to align the current year's priorities with the Company's strategy and link an employee's pay to their performance.

The Company has a procedure in place for evaluating the performance of the Head Office employees and, separately, of Group company managers. In 2020, a new incentive system was introduced for all employees of project management offices (PMOs): project bonuses and traditional annual bonus were replaced with a project completion bonus. Bonuses are paid for the achievement of key project parameters and are aimed at motivating and retaining key project employees until project completion. In 2021, the project bonus system was used to evaluate the performance of 1,045 employees in the Group's project management offices.

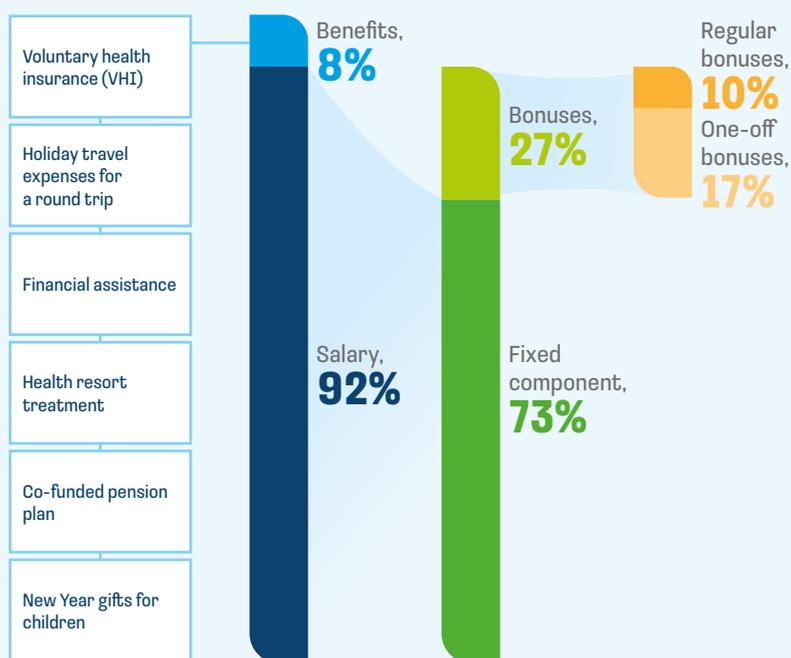
The performance evaluation process is supplemented with an automated 360-degree assessment procedure run at 28 Group enterprises. In 2021, the

360-degree assessment covered almost 2.4 thousand managers at all levels, including top management. Following the assessment, employees receive feedback from their superiors, discuss further development areas with them and build their individual development plans for the year.

In addition to remote learning opportunities offered by the Nornickel Academy platform, employees who develop individual development plans based on the 360-degree assessment results can benefit from access to the corporate electronic library and take training on the 360-Degree Management programme.

The Company's compensation package comprises salary and benefits. The salary consists of fixed and variable components, with the latter linked to the Company's operational performance and achievement of relevant KPIs.

## Compensation package across the Group's Russian enterprises



The benefits package includes the following benefits and compensations:

- Voluntary health insurance and major accident insurance coverage
- Discounted tours for health resort treatment and recreation of employees and their families
- Reimbursements of holiday travel expenses for a round trip and baggage fees for employees and their families living in the Far North and territories equated thereto
- One-off financial assistance to employees experiencing major life events or in difficult life situations
- Complementary corporate pension plan
- Other types of social benefits under the existing collective bargaining agreements and local regulations

## Nornickel's annual employee benefit expenses

Expenses	2017	2018	2019	2020	2021
Total (USD mln)	123	128	147	99	142
Cost per employee (USD thousand)	1.6	1.7	2.0	1.4	1.9

Nornickel employees' salary levels depend on the work complexity, individual expertise and skills, and their personal contribution to the Company's performance. The Company prohibits any discrimination by setting or changing wages based on gender, age, race, nationality, origin or

religion. Its compensation policy is based on the principles of internal equity, external competitiveness and performance rewards.

The Company makes regular reviews of pay levels and trends, as well as the cost of living – both the nation-wide averages and the average figures for each of its operating

regions, with wage indexation done annually based on the review results. The Company constantly evaluates its pay levels to make sure they are not below the established living wage. Monitoring results suggest that all employees at the Company are paid above the minimum living wage in the Company's operating regions.

## Minimum living wage in Nornickel's operating regions

Region	RUB thousand	USD
Norilsk Industrial District (NID)	33.3	452
Murmansk Region	29.4	399
Moscow and other regions of Russia	20.6	280
Krasnoyarsk Region (excluding NID)	20.5	278
Zabaykalsky Region	19.2	261

## Average monthly salaries of Nornickel employees<sup>1</sup>

Currency	2017	2018	2019	2020	2021
USD <sup>2</sup>	1,784	1,780	1,835	1,827	1,970
RUB thousand	104	112	119	132	145

## ADDITIONAL EMPLOYEE INCENTIVES

Nornickel's Award Policy is closely linked to its values and strategic priorities. The Company rewards its employees for outstanding professional achievements and contribution, innovations that drive growth and add value, efforts going beyond formal agreements with Nornickel, and contribution to overall performance of the business.

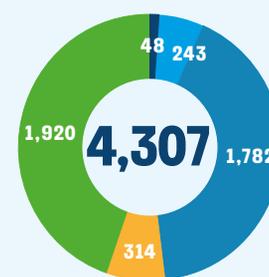
There are several levels of awards and incentives. Nornickel welcomes recognition

of its employees by the state, as well as by government agencies and regional and municipal authorities and nominates those who achieved outstanding results in operations and management and made a significant contribution to production development.

Corporate incentives are Company-level awards.

Resolutions on corporate incentives are passed by the President of the Company. There are also internal incentives, which are initiated and awarded to employees on behalf of the enterprise where they work.

## Employee awards in 2021 (ps)



- Governmental awards
- Ministerial and agency awards
- Awards from regional and municipal authorities
- Corporate incentives
- Internal incentives at enterprises

<sup>1</sup> Russian enterprises.

<sup>2</sup> Based on the average annual RUB/USD exchange rate given at the end of the Report.

# Social partnership

The Group enterprises have in place a social partnership framework aimed at aligning the interests of employees and employers in the regulation of social and labour relations. Nor Nickel meets all its obligations under the Labour Code of the Russian Federation, collective bargaining agreements, and joint resolutions.

Key tasks of employee representatives in a social partnership are to protect employees' rights and interests when negotiating collective bargaining agreements, signing or amending a collective bargaining agreement, overseeing its performance, and resolving labour disputes.

Within the current social partnership framework, employee representatives are involved in resolving issues relating to the regulation of social and labour relations, conducting special assessments of working conditions and implementing measures to prevent work-related injuries and occupational diseases. The view of employee representatives is taken into account when adopting local regulations on social and labour relations, compensation, work hours, labour standards, provision of guarantees and allowances, occupational health, etc.

## TRADE UNION ORGANISATIONS

The Group has 58 primary trade union organisations united into local trade union organisations of the Norilsk Industrial District and Murmansk Region, which are part of the Trade Union of MMC Norilsk Nickel Employees, an interregional public organisation.

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

In 2021, trade unions contributed to:

- additional social support for current and former employees during the COVID-19 pandemic
- harmonising the types of financial assistance provided to employees of the Group enterprises and their family members

## Social partnership framework



- additional social support for employees with disabilities
- increased reimbursement levels for relocation costs of employees terminating their employment (for Group enterprises located in the Far North and parts of the Krasnoyarsk Region territories equated thereto)
- collective bargaining on a three-year extension and amendment of interregional cross-industry agreement with copper and nickel producers and production support providers for 2019–2022.

A total of 7.6% of employees of the Group's Russian entities were members of trade unions as at year-end 2021.

## SOCIAL AND LABOUR COUNCILS

Group enterprises in the Norilsk Industrial District and in the Murmansk Region established social and labour councils back in 2006 to represent the interests of all employees within the framework of social partnership at the local level. Social and labour councils are authorised to raise matters relating to health resort treatment, recreation and leisure programmes for employees, disease prevention, catering and workplace arrangements, and provision of personal protective equipment.

In 2021, the percentage of employees represented by social and labour councils was 77.2% of the total headcount across the Group's Russian enterprises.

**64 thousand queries** were received in offices for operational, social and labor matters

## OFFICES FOR OPERATIONAL, SOCIAL AND LABOUR MATTERS

In addition to the Corporate Trust Line speak-up programme, the Group set up offices for operational, social and labour matters back in 2003. They are primarily tasked with response to employee queries, follow-up, and prompt resolution of conflicts. On a regular basis, the offices monitor social environment across operations, enabling timely responses to reported issues.

Queries submitted to offices are reviewed by relevant specialists or are forwarded to functional or production units depending on the issue raised in the query. The offices control turnaround time and quality of responses. When handling complaints, the offices adhere to the principle that precludes sending complaints to the managers whose actions are being challenged. In 2021, Group enterprises in the Norilsk Industrial District operated 25 offices which received over 64 thousand queries and requests from employees (81%), former employees (18%) and other individuals (1%).

## COLLECTIVE BARGAINING AGREEMENTS

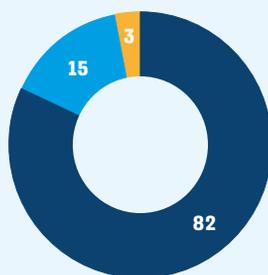
Collective bargaining agreements at the Group's Russian enterprises comply with the applicable laws and adequately reflect employee expectations.

In 2021, the Group enterprises extended for another three years four collective bargaining agreements which historically provided one of the industry's best benefits packages. Every year, Nornickel reimburses holiday travel expenses for employees and their families, offers medical insurance, health and recreation programmes, complementary corporate pension plan, and develops housing and professional training programmes.

At present, all collective bargaining agreements of the Group's Russian enterprises are based on unified approaches to regulating social and labour relations within the social partnership framework. In 2021, collective bargaining agreements covered 94% of employees.

Collective bargaining commissions continuously monitor the performance of obligations under collective bargaining

Main topics of queries and requests (%)



- Social welfare matters
- Legal matters
- Other



agreements by the parties. The Group enterprises have also set up labour dispute commissions, social benefits commissions/committees, social insurance commissions, occupational safety commissions/committees, social and labour relations commissions, etc. No breaches of collective bargaining agreements and no strikes or mass layoffs were recorded across the Group enterprises in 2020.

## INTERREGIONAL CROSS-INDUSTRY AGREEMENT

Collective bargaining in 2019 led to the conclusion of an interregional cross-industry agreement for copper and nickel producers and production support providers for 2019–2022. The agreement governs social and labour relations and defines uniform corporate approaches to compensation, provision of guarantees, allowances and benefits to employees, work and rest hours, occupational health, and other matters.

In December 2021, the agreement was extended for 2022–2025 with a number of amendments. Currently, the Association of Employers comprises 22 entities. The agreement covers 89.5% of employees of the Group enterprises.

Currently, the Association of Employers comprises

**22** entities

The agreement covers

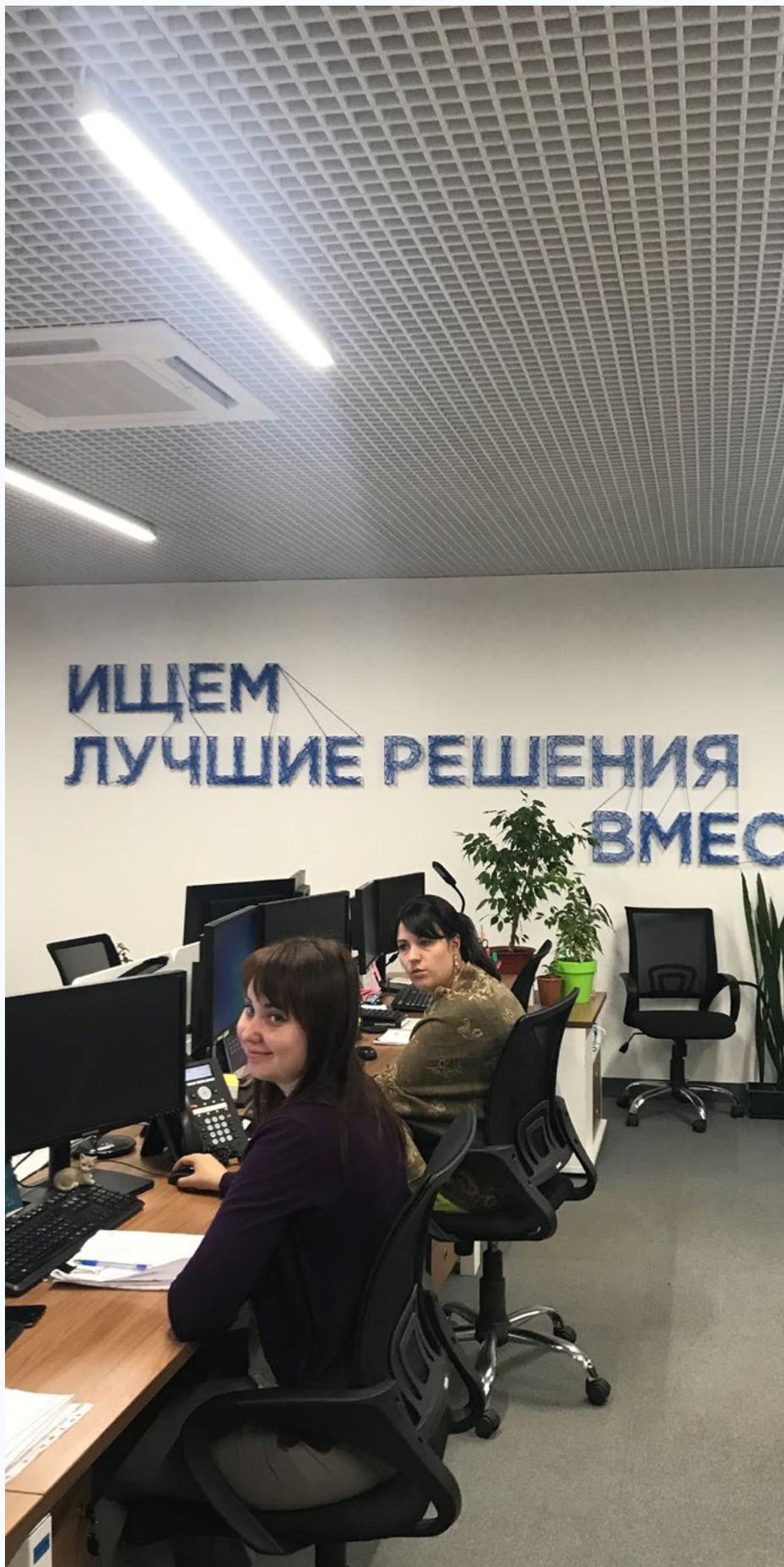
**89.5%**

of employees of the Group enterprises.

Collective bargaining agreements covered

**94%**

of employees.





# HEALTH AND SAFETY



In 2021, Nornickel continued to pursue its Health and Safety Strategy, covering the period until 2025.

## Strategic goals:



### ZERO WORK-RELATED FATALITIES

zero-tolerance policy on work-related fatalities

### REDUCTION OF INJURY RATES

reducing lost time injuries

### THE HEALTH AND SAFETY

of our people as well as the mitigation of ore mining and processing risks are a top priority in Nornickel's operations

## Key performance indicators

**20%**

in team KPIs of all employees

This metric is driven by total recordable injuries (TRI) rate.

### GOAL:

reduce TRI to 20% below the minimum level achieved between 2013 and 2020.

**12–28%**

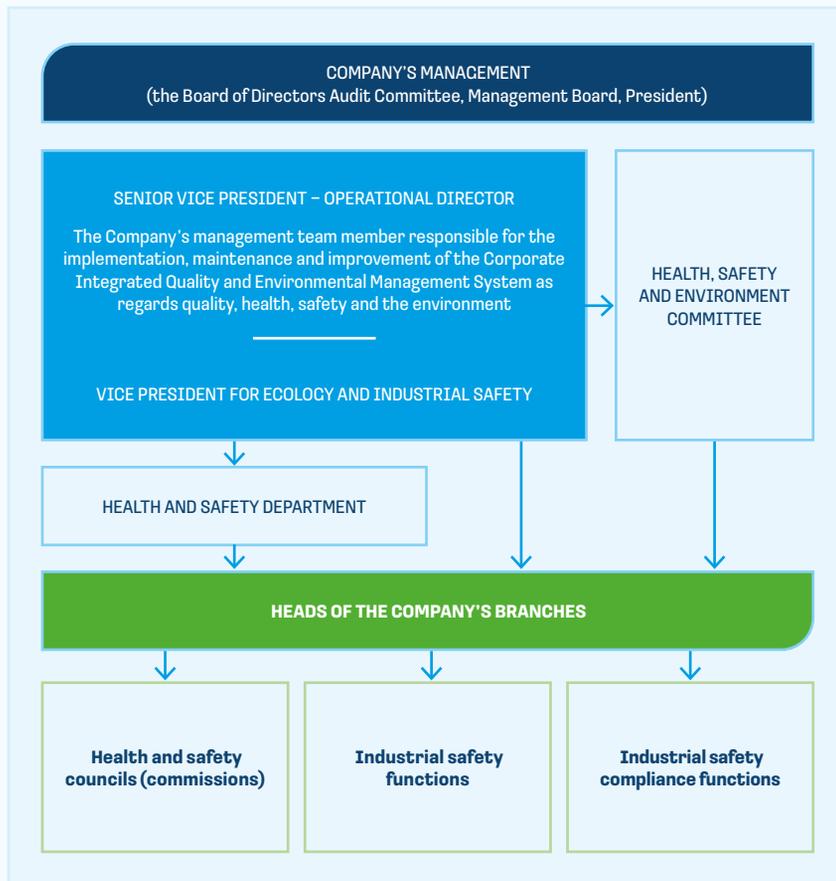
in individual KPIs of production site managers

Failure to prevent a fatality blocks performance bonuses.

### GOAL:

zero fatalities

# Responsibility



The Audit Committee deals with industrial safety matters. The Committee reviews management reports on industrial safety performance every quarter, with management participating in the Committee's meetings providing detailed account of causes of accidents, measures taken to prevent similar accidents in the future and disciplinary actions taken against the employees at fault.

The Company's Health, Safety and Environment Committee, led by the Senior Vice President – Operational Director, is focused on improving performance and accountability in health and safety. The committee meets quarterly at various production sites of the Group to discuss improvements to industrial safety management, including:

- analysis of the circumstances and causes of severe and fatal work-related injuries
- status of measures planned and implemented to prevent similar injuries across the Company's enterprises
- programmes of organisational and technical measures to improve health and safety.

Remuneration payable to all heads of production units is linked to their industrial safety performance. They are personally responsible for the life and health of each of their subordinates. In addition, team KPIs for all employees include injury rate reduction across the Group enterprises (20% of the team KPIs). Industrial safety metrics weigh between 12% and 28% in individual KPIs of production site managers. Failure to prevent a fatality blocks performance bonuses.

The Company's major challenges in 2021 were an accident at Norilsk Concentrator resulting in multiple fatalities and the flooding of the Oktyabrsky and Taimyrsky Mines.

While taking full responsibility for the incidents, the Company's management took immediate measures to identify the causes and mitigate the negative consequences:

- ⇒ Data on conclusions presented in industrial safety reviews of technical devices, buildings and structures across the Group companies were analysed for completeness and reliability
- ⇒ The primary, secondary and fine crushing units of Norilsk Concentrator's crushing shop and related disseminated ore processing operations were temporarily suspended
- ⇒ Targeted inspections of safe working arrangements, issuance of work permits for hazardous work, completeness of, and compliance with, safety measures specified in work execution plans and process sheets in the Company's units were carried out
- ⇒ Risks were reassessed and additional adjustments were made to procedures covering equipment repair, maintenance and operation, as well as personnel movement around the premises and to work areas
- ⇒ Targeted inspections were arranged to eliminate defects in, and damage to, buildings and structures, identified in conclusions presented in industrial safety reviews

The Company provided financial assistance to the victims' families. A comprehensive action plan was also developed to eliminate and minimise the impact of mine flooding.

## PERSONAL COMMITMENTS OF MANAGERS

The Group has in place the corporate standard Demonstrable Commitment by Managers to Health and Safety. In

line with the standard, managers make personal health and safety commitments for each year, including personal and group meetings with employees at production units, participation in audits of the occupational health management system, as well as Engineers and Technicians Days conducted with line managers

(pre-shift briefings, workplace visits, discussions and recommendations to managers). Performance against personal commitments is included in each manager's individual KPIs.

Regular sessions, chaired by production unit heads, are held with employees to build a strong workplace safety culture.

# Certifications and audits

In 2021, surveillance audits confirmed compliance of the occupational health and safety management systems of MMC Norilsk Nickel facilities (Head Office, Polar Division, Polar Transport Division, Murmansk Transport Division) with ISO 45001:2018 international standard. The certification body Bureau Veritas Certification noted a high level of maturity and development of the occupational health and safety management system and confirmed the system's compliance with the standard.

The Group's production units are regularly audited for compliance with applicable health and safety requirements. A total of 53 audits took place in 2021 in

<b>Certificate</b>	ISO 45001	GOST 12.0.230-2007 (interstate standard identical to ILO-OSH 2001)
<b>Certified assets</b>	<ul style="list-style-type: none"> <li>• MMC Norilsk Nickel</li> <li>• Kola MMC</li> <li>• Pechengastroy</li> <li>• Norilsk Nickel Harjavalta</li> </ul>	<ul style="list-style-type: none"> <li>• Norilsknickelremont</li> </ul>
<b>Auditor</b>	Bureau Veritas Certification	Voluntary certification system Standard-Certifica by Isomax

accordance with the approved schedule, with production site managers and their deputies also involved in the audits.

As at the end of 2021, **59%** of the Group companies had health and safety certification.

# Injury rates

Unfortunately, the number of lost-time injuries almost doubled in 2021 (from 22 to 42 incidents), with the number of fatalities also growing (from 9 to 11 incidents).

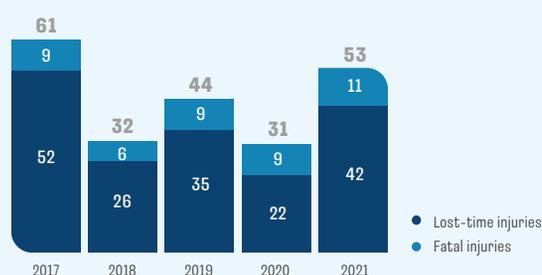
Most fatalities took place at the Norilsk Division in underground mining operations, which prompted the establishment of a cross-functional expert team of managers at the Polar Division to improve the underground mining safety processes. As a result, an action plan was developed to improve workplace safety. In a separate accident, a walkway collapsed at Norilsk Concentrator in 2021, which sadly resulted

in the death of three of our employees. To eliminate the risk of similar incidents in the future, the Company has implemented a series of organisational changes within the Norilsk Division, put in place a building and structure monitoring system, and made a number of improvements to the industrial facility supervision function and its inspection and examination processes, as well as the process of implementing instructions resulting from industrial safety reviews.

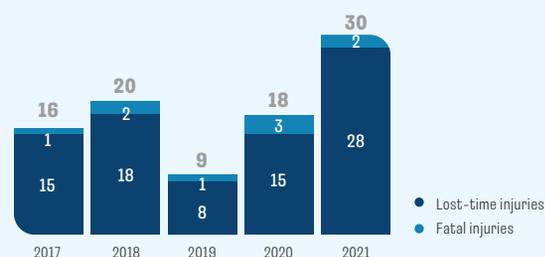
All accidents were thoroughly investigated, with the resulting reports submitted to

the Board of Directors, and action plans developed to eliminate their root causes. Nornickel's management reinforces the Group's commitment to achieving zero work-related fatalities and sees fatality-free operations as its strategic priority. The Company continues to implement dedicated programmes to prevent and avoid accidents and work-related injuries. A comprehensive review of industrial safety standards and requirements has been scheduled for 2022 to prioritise focus areas for preventing safety breaches that may result in fatalities or serious injuries.

### Work-related injuries across the Group



### Contractors' work-related injuries



Item (per 1 mln hours worked)	2017	2018	2019	2020	2021
FIFR	0.08	0.05	0.08	0.08	0.10
LTIFR	0.44	0.23	0.32	0.21	0.38

### Main causes of fatalities across the Group

Item	2017	2018	2019	2020	2021
Fall from height	0	1	1	0	1
Falling objects	1	0	0	2	0
Moving objects/parts	1	0	2	1	3
Rock fall	0	1	0	2	2
Road traffic accident (RTA)	0	1	0	0	0
Electrocution	1	0	0	3	1
Exposure to extreme temperatures	0	0	1	0	0
Explosion	4	0	1	0	0
Other	2	3	4	1	4
Total	9	6	9	9	11

The Company has developed and implemented a special standard which allows choosing a contractor meeting its H&S standards as early as at the selection stage. Regular meetings with contractors enable coordinated joint actions to support the achievement of set goals while ensuring safety compliance.

Prior to the commencement of any work, contractor employees are required to receive induction and targeted briefings on occupational health. The standard provides for fines where a contractor's non-compliance with the H&S standards has been identified by the customer through a regular audit.

In 2021, Nornickel regularly monitored its contractors' compliance with the H&S requirements, including through joint inspections of compliance with work safety requirements and meetings of health and safety councils (committees) involving contractor representatives.

## Engagement with organisations representing employees

The Group's collective bargaining agreements have separate health and safety sections. The obligations and commitments of the parties in relation to

health and safety are also included in the interregional cross-industry agreement for copper and nickel producers and production support providers.

The Company and most of its subsidiaries have joint health and safety committees made up of management, employee and trade union representatives.

# Industrial safety compliance and breach prevention

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

The Company's H&S corporate standards also apply to its contractors. Nornickel's production enterprises have process-, job- and operation-specific regulations and guidelines in place containing dedicated industrial safety sections.

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

The Company has developed the Control, Management, Safety Automated System (CMS AS) which is being gradually rolled out across the Company's assets. The CMS AS is a SAP EHSM-based information system designed to collect, process, record and analyse health and safety data. The use of the CMS AS as a single centralised management mechanism drives the quality and efficiency of H&S processes, ensuring a unified approach to the H&S procedure compliance and reporting.

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

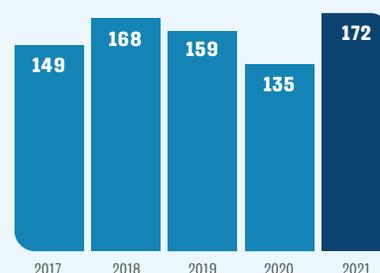
In addition to the above prevention and control initiatives, the Company conducts regular behavioural audits in accordance

- ➔ In 2021, a personal protective equipment (PPE) compliance detection system based on video analytics came online at three Nornickel facilities. The next steps are to roll out this system to other production sites and expand its functionality to include detecting unsafe operations and movement routes and areas for staff and machinery, in addition to PPE compliance detection.
- ➔ A prototype hardware/software solution using video analytics to detect staff in an unsafe area and send a beam to display a floor sign with a warning message was developed at the converter matte casting section of Nadezhda Metallurgical Plant.
- ➔ Furthermore, the Company has teamed up with Hovermap to develop a smart mobile scanning solution to support staff evacuation from unsafe areas.

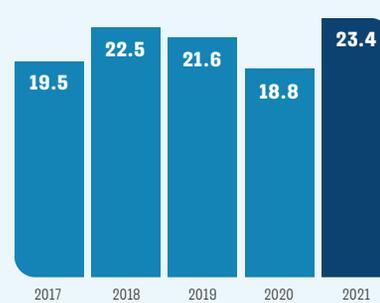
with the approved schedule. The prevention and control team has identified and disciplined over 12 thousand non-compliant employees, including by partially or completely stripping them of their bonuses.

Nornickel's absolute priority in safety during 2021 was its programme to set up regular open risk dialogues between line managers and workers. The programme is a true cross-functional effort that involves HR, H&S and production management teams. This initiative has proved to be successful: a pool of mentors has been formed from among H&S team members, with over 3.3 thousand line managers taking training and 77% of managers certified and now delivering briefings in the new, dialogue format.

**Expenses for improving working conditions and labour protection (USD mln)**



**Cost per employee (USD thousand)**



## PERSONAL PROTECTIVE EQUIPMENT

Employees are provided with safety clothing, footwear and other personal protective equipment to mitigate the adverse impact of work-related harm. Employees working in contaminated conditions are provided with free-of-charge wash-off and decontaminating agents. In 2021, the Nor Nickel purchased personal protective equipment worth over RUB 3 billion (USD 41 million).

## EMPLOYEE TRAINING

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

Training starts immediately after an employee is hired, with an induction safety briefing and subsequent on-the-job briefings. Briefings are then repeated regularly in accordance with the existing corporate programmes. There are also interactive training courses for employees

in key positions. In 2021, 38,253 Group employees were covered by these trainings and briefings, including 489 workers' representatives and trade union members. All Group employees also regularly take online industrial safety trainings and final tests.

Furthermore, TOT Consulting and the facilities of the Norilsk and Kola Divisions have continued to implement the Pre-shift Briefing: Safety Dialogue project to provide line managers with hands-on skills delivering pre-shift briefings.



# Prevention of occupational diseases

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

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

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

Employees working in harmful or hazardous conditions receive free food, milk and other products for therapeutic and preventive nutrition to improve health and prevent occupational diseases.

Item	2017	2018	2019	2020	2021
Occupational diseases	361	318	290	235	213

## CORPORATE HEALTHCARE

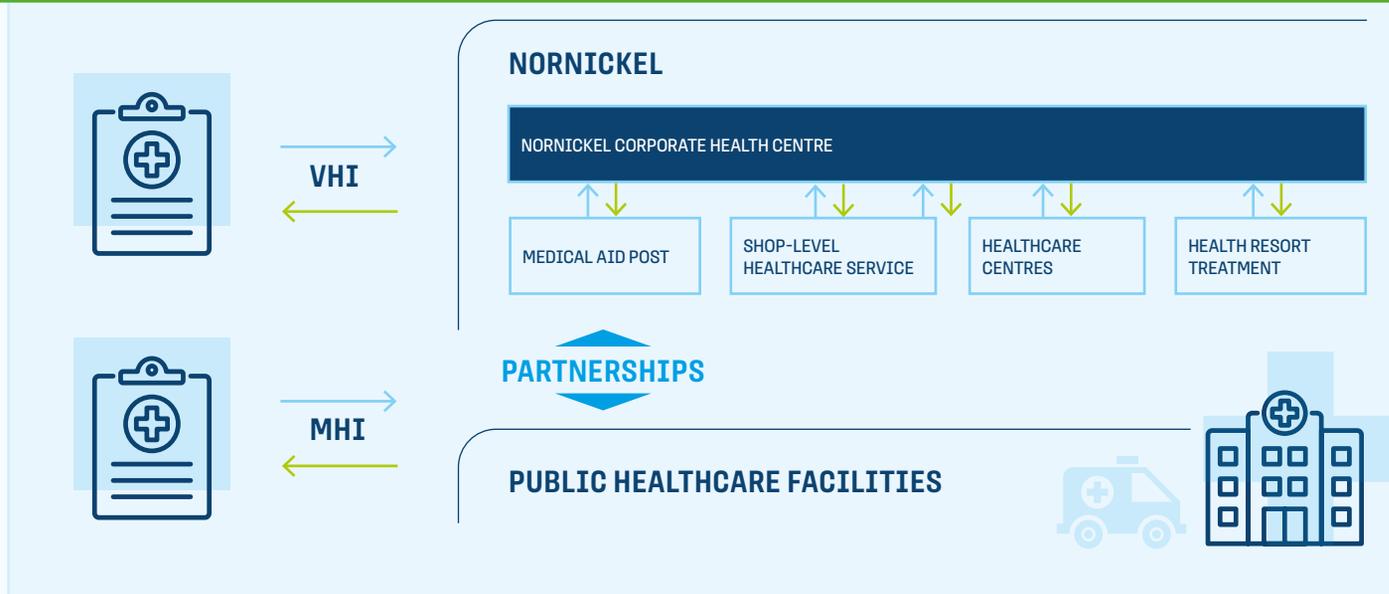
The Company has launched a corporate healthcare project to deploy commercial healthcare facilities in the region, thus reducing peak loads on the public healthcare system, and to set up shop-level healthcare services at its enterprises to prevent diseases. The corporate healthcare development will allow Nornickel employees

to enjoy a wide range of quality medical care and timely medical aid services.

The first of the Company's six healthcare centres was opened in late December 2021 in Norilsk, with four more centres planned to be opened shortly in the Norilsk Industrial District (in Norilsk, Kayerkan, Talnakh, and Dudinka), and one centre for the Kola Division (in Monchegorsk). These healthcare centres will provide both employees and their families with healthcare services under the VHI programme.

SO<sub>2</sub> emissions in Norilsk have decreased by 30%–35% over the period since the Nickel Plant shutdown in 2016. According to the Russian Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing (Rospotrebnadzor), the total number of newly diagnosed cases decreased by 23% (in 2020, from a 2016 baseline), with disorders of blood and blood-forming organs, including the immune system, falling by 48%, respiratory diseases by over 11%, and cardiovascular diseases 23%.

### Nornickel's medical care framework





# SOCIAL STRATEGY

Nornickel is playing an important role in the Russian economy. Due to its geography and financial strength, the Company has a strong impact on the social and economic life in the regions in which it operates.

With its enterprises located mostly in single-industry towns, Nornickel seeks to foster a favourable social climate and comfortable urban environment, providing its employees and their family members with ample opportunities for creative pursuits and self-fulfilment.

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

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

## Social programmes for employees



HOUSING PROGRAMMES



HEALTH IMPROVEMENT PROGRAMMES



PENSION PLANS



SPORTS PROGRAMMES

> **USD 1bn**  
were social expenses

**USD 161mln**  
were social expenses  
for employees

# Social programmes for employees

## HEALTH IMPROVEMENT PROGRAMMES

Given the harsh climate of the Far North and the difficult working conditions at mining operations, Nornickel has been consistently investing in health programmes for employees and their families. Health improvement and health resort treatment are among the most popular programmes offered by Nornickel as part of its social policy.

In 2021, over 16 thousand employees and their family members benefitted from the recreation and treatment opportunities offered by the corporate Zapolyarye Health Resort in Sochi. About 8 thousand employees spent their holidays at other health resorts, with over 1.3 thousand employees' children visiting children's health resorts. The Company compensates its employees an average of about 86% of the trip voucher cost.

## SPORTS PROGRAMMES

Given the harsh climate of the Far North, supporting healthy lifestyle behaviours is a key focus area in the personal development of Nornickel employees. Sports programmes seek to promote a healthy lifestyle, foster team spirit, improve interpersonal communication, and develop corporate culture.

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

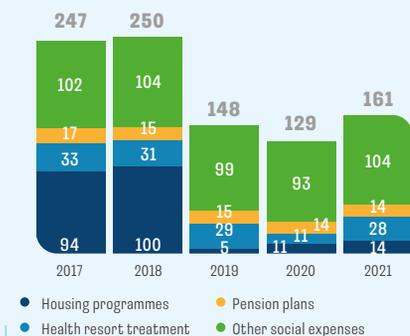
The Night Hockey League with teams made up of Nornickel employees was established to encourage involvement in amateur hockey.

Other activities include regular Spartakiads and various mass sports events held across the Company's footprint and involving not just Nornickel employees and their families but also local residents. In 2021, most of the activities were cancelled and moved online due to the COVID-19 pandemic.

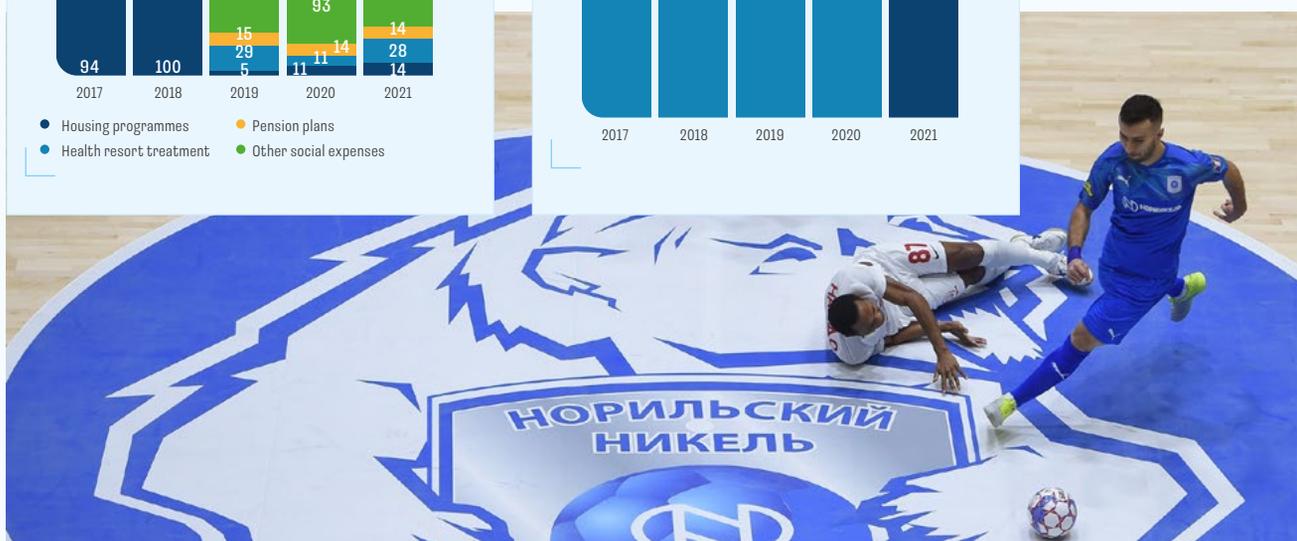
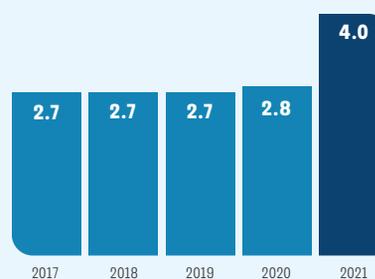
A total of 20 thousand employees participated in sports and recreational activities in 2021. All corporate competitions were broadcast live in 2021, with the total reach exceeding 38 thousand views.

A total of **20 thousand employees** participated in sports and recreational activities

Social expenses for employees (USD mln)



Sports expenses (USD mln)



## HOUSING PROGRAMMES

The Company views the implementation of its housing programmes as a smart targeted investment in its human capital. Nornickel currently operates several housing programmes for its employees.

In 2021, Nornickel continued its consolidated housing programme, Our Home/My Home, whose members were able to purchase ready-to-move-in apartments on preferential terms across Russia, usually in the Moscow, Tver or Krasnodar Regions. Each programme member buys an apartment through co-investment: the employer covers up to half the purchase price payable but not more than RUB 3 million (USD 41 thousand), with the rest paid by the employee. The cost of housing is fixed for the entire period of the participation. The property title is registered in the name of the employee only at the end of their

participation in the programme; however, the participant may move in immediately after the apartment is purchased. Since the programme launch in 2010, the Company has purchased 3,826 ready-to-move-in apartments.

Also in 2021, Nornickel continued to implement its Your Home housing programme, which was successfully launched in 2019. It will be implemented similarly to the Our Home/My Home programme, except that the title to the apartment will be immediately registered in the name of the employee, though encumbered by a mortgage. The encumbrance is removed from the property once the employee fully repays the debt to the seller. Since the programme launch, the Company has purchased 2,103 ready-to-move-in apartments, with the list of regions extended to Yaroslavl.

Nornickel also operates the Corporate Social Subsidised Loan Programme offering Nornickel employees an interest-free loan

to pay the initial instalment and reimbursing a certain percentage of interest paid to the bank on the mortgage loan. Overall, approximately 1 thousand employees have already taken part in the programme.

## PENSION PLANS

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

### Pension plans coverage

Item	2017	2018	2019	2020	2021
<b>CO-FUNDED PENSION PLAN</b>					
Financing (USD mln)	8.6	7.7	7.6	7.2	7.4
Number of participants	15,700	13,916	12,304	11,519	10,776
<b>COMPLEMENTARY CORPORATE PENSION PLAN</b>					
Financing (USD mln)	8.5	6.7	6.1	5.7	5.6
Number of participants	718	545	525	511	455
<b>OTHER PENSION PLANS</b>					
Financing (USD mln)	0.1	0.9	1.0	0.9	0.9
Number of participants	1,118	1,114	1,151	1,064	961

# Social investments

## SUPPORT FOR INDIGENOUS PEOPLES OF THE NORTH

Nornickel respects the rights and protects the ancestral lands, traditional culture and trades, historical heritage and interests of indigenous peoples within the Company's footprint and delivers on its commitments to enhance and foster good neighbourly relations.

Indigenous peoples of the North, such as Nenets, Dolgans, Nganasans, Evenks, and Enets, currently residing on the Taimyr Peninsula, count over 10 thousand persons.

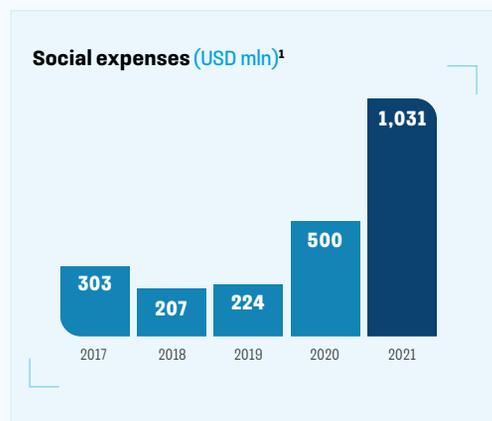
Nornickel adopted the Indigenous Rights Policy, which defines Nornickel's key related commitments. Nornickel complies with all applicable international standards and regulations regarding the support for indigenous peoples of the North and recognises the rights of local communities to preserve their traditional lifestyle and indigenous trades. The Company's metals and mining assets are located outside indigenous territories in the Taimyrsky Dolgano-Nenetsky Municipal District, where Nornickel cooperates with the Association of Indigenous Peoples of Taimyr of the Krasnoyarsk Region, Associations of Indigenous Peoples of the North of the Dudinka, Khatanga and Karaul rural settlements, and local indigenous peoples' communities.

In 2021, support for the indigenous peoples of Taimyr experienced a fundamental change. This change was made possible

by the signing of a four-party agreement on interaction and cooperation with associations of indigenous peoples of the Russian Federation, the Krasnoyarsk Region, and the Taimyrsky Dolgano-Nenetsky Municipal District in September 2020. The agreement serves as a basis for a five-year programme to promote the social and economic development of Taimyr until 2024, with a total funding of around RUB 2 billion (USD 28 million). The programme outlines over 40 activities across a number of areas such as the development of traditional economic activities, higher processing levels for local communities' product to add more value through building venison, fish and wild plant processing facilities, refrigerator units procurement, purchasing communities' products, construction of an ethnic visit centre with a mini-hotel in the Ust-Avam settlement, assessing the carrying capacity of reindeer pastures in the Avam tundra for the subsequent revival of the reindeer herding industry, assessing the fishing capacity of the Pyasina River tributaries to allocate additional quotas to local communities, life quality improvement in local settlements, housing construction, construction of rural health posts, community centres and sports grounds, and school equipment procurement.

Non-governmental organisations and tribal communities of indigenous peoples of the North were involved in the development of the Programme. Its implementation is monitored by the Indigenous Communities Coordination Council at the Polar Division created at the initiative of indigenous peoples, as well as by the Association of Indigenous Peoples of Taimyr.

The Indigenous Communities Coordination Council was established at the office of the Norilsk Division head to improve the quality of cooperation and better protect the interests of indigenous peoples. The Council is made up of representatives of 19 largest indigenous communities hunting and fishing in the Avam tundra and the Pyasina River basin. Negotiations are currently underway to also include representatives of the Association of Indigenous Peoples of the Khatanga and Karaul rural settlements to represent the respective communities.



<sup>1</sup> According to IFRS statements.

**FOR NORNICHEL, THESE PROJECTS ARE MUCH MORE THAN JUST SPENDING ITEMS. THESE ARE JOINT INITIATIVES THAT CAN ONLY BE DELIVERED EFFICIENTLY THROUGH ONGOING COLLABORATION AND CLOSE CONTACTS WITH INDIGENOUS COMMUNITIES AND TRIBES, SUPPORTED BY MUTUAL UNDERSTANDING AND REGULAR DIALOGUES DRIVEN BY A SENSE OF INCLUSION.**

The Company pioneered the use of the free, prior and informed consent (FPIC) procedure for indigenous peoples in the Russian Arctic, offering relocation and community development options to indigenous people living in the Tukhard settlement area. The Tukhard residents agreed to join the FPIC procedure if their conditions were met, including the involvement of an elected Council of the settlement's representatives in decision making on relocation, choosing the site for the new settlement, designing its

social infrastructure, and selecting the best architectural projects through an architecture contest, as well as in all stages of the relocation programme.

The Tukhard settlement is situated 76 km away from the Arctic port of Dudinka at the base of the Taimyr Peninsula. It was founded in the 1970s as a rotation camp for the Norilskgazprom construction project workers and thus ended up located within the sanitary protection zone of a production enterprise. According to Russian

laws, such areas may not be used for permanent residence.

Although the FPIC procedure is not directly stipulated in Russian laws, Nornickel is making a voluntary commitment to international standards, including the standards of the World Bank and the International Finance Corporation that are in line with the UN Declaration on the Rights of Indigenous Peoples.

A good example of how Nornickel helps to preserve national traditions and culture of the indigenous peoples of Taimyr includes celebrations of professional holidays for tundra residents organised and held by the Company on an annual basis: the Reindeer Herder's Day and the Fisherman's Day, with valuable gifts and prizes for participants of national holiday competitions in Taimyr settlements.

In June 2021, Nornickel signed a cooperation agreement with the Kola Sámi Association which represents the interests of the indigenous peoples of the North of the Murmansk Region. The Company supports the Sámi people in developing their culture and preserving their traditional lifestyle, leveraging the best practices tried and tested in Taimyr. In particular, Nornickel will finance a project to create a single Sámi alphabet and the publication of pre-school Sámi language textbooks. The agreement also provides for the establishment of an open-air Sámi presentation museum in Murmansk.

In September 2021, the Company signed an addendum to hold events for the International Decade of Indigenous Languages in the Taimyrsky Dolgano-Nenetsky Municipal District in 2022–2024. The events will include, in particular, a number of linguistic and literary publications, support for newspapers in the languages of indigenous peoples, and preparation of indigenous language textbooks.

**RUB 2bn** will be the financing of the programme to promote the social and economic development of Taimyr until 2024



Nornickel signed an interaction and cooperation agreement with the Federal Agency for Ethnic Affairs (FAEA). The parties agreed to promote sustainable development, improve the quality of life, protect the ancestral lands, and promote the culture and lifestyles of the indigenous peoples living within the Company's footprint. Nornickel and FAEA also intend to cooperate on promoting the social and economic development of the areas inhabited by the indigenous peoples of the North. Moreover, the positions of all parties will be aligned, and their representatives' requests and suggestions will be taken into account when making decisions and implementing joint projects that affect the interests of indigenous peoples.

In 2021, the Company launched a new grant contest, the World of Taimyr. Its key feature is that it only supports projects in indigenous territories and communities within the Taimyrsky Dolgano-Nenetsky Municipal District. A strong focus is placed on social infrastructure development in the administrative centre of the municipal district. The Taimyr ice arena, the Kaya alpine skiing centre, the Taimyr-Mou ethnic theme park, and the Dudinka Giraffe art object are just a few of the selected new landmarks that appeared in Dudinka through the Company's financial support.

## SUPPORT FOR LOCAL COMMUNITIES

Nornickel makes a significant contribution to the development of local communities across its footprint and runs voluntary social programmes and projects to build an inclusive and people-friendly environment, protect the environment, and support local communities, both independently and in partnership with municipalities, regional and federal authorities, not-for-profits, NGOs, and professional associations. These programmes and projects address specific regional issues to drive economic growth and improve the local social situation.

The Company has stepped up its contribution to the development of local communities, implementing a range of social programmes and projects to address current and future challenges.

## Development of host cities

The Norilsk Development Agency is a regional development institution established in 2017 with support from Nornickel. The Agency was set up to improve social environment and the quality of life in Norilsk, and supports 16 SME investment projects in the service economy, manufacturing and tourism, driving job creation across the region.

In 2020, Nornickel established the Monchegorsk Development Agency jointly with the city administration. In 2020–2021, the team focused on three areas: urban environment, business and investment, and social and cultural projects and tourism.

### Urban environment highlights:

- Preparation of a master plan for Monchegorsk development (870 respondents, 4 focus groups and 1 strategy session)
- Development of 2 urban planning concepts, 5 social infrastructure facility concepts and 1 investment project business plan
- Development of a renovation concept for the Sergey Brovtsev Central Park

### Business and Investment highlights:

- A strategy session within the project to attract investment in Monchegorsk
- A franchise fair
- Implementation of the Youth Start-Up project

### Tourism and social and cultural projects highlights:

- Preparation of the tourism and recreation cluster development strategy for 2021–2024
- Development of the Monchegorsk branding programme
- A contest of tourism projects
- Launch of the ArtArctic art residence, two creative seasons completed
- The Imandra Viking Fest national family festival

## Youth programmes

**The first City of Endless Inspiration public art festival was held in Norilsk in 2021.** Guided by popular artists, its participants created new objects of art for the city. The festival's key message was that we can and should improve the environment we live in, and public art is an

## THE AGENCY'S 2021 HIGHLIGHTS:

**7 residents**  
of the Russian Arctic zone received RUB 444 million worth of tax benefits

**150 local residents,**  
and 14 urbanists took part in strategy sessions

**60 participants**  
took part in the City Managers project

**>100 participants**  
took part in Norilsk's first business forum

**70 entities**  
active in the tourism cluster, with investment totalling RUB 4.7 billion

**RUB 17 million**  
raised in grants to develop tourism

excellent tool to do just that. The festival was open for everyone, and the most active participants received prizes. The City of Endless Inspiration festival has married three types of visual art: murals, sculpture and installation art. Over the five days of the event, public art professionals hosted master classes, creating new objects of art in the urban environment together with participants. The festival gathered together over 250 participants and 54 project volunteers, mostly targeting young people aged between 25 and 35.

Since 2014, Nor nickel has been holding its **Add Colours to your Town** art contest in its host cities. The main idea of the project is to engage the younger generation in transforming cities through art. Children aged between 4 and 17 and young people aged between 18 and 35 residing in Nor nickel's host cities take part in the contest. The project promotes the use of innovative technologies. In 2021, AR effects were created for the existing murals, thus creating the experience of the real and the virtual dimensions combined. The contest highlights: 3 regions; 6 cities and towns (Nor ilsk, Monchegorsk, Zapolyarny, Nickel, Murmansk, and Chita); over 300 master class participants annually; over 2,400

sketches; and 43 murals based on the young people's sketches.

**Environmental online children's camp.** During the autumn break, Nor nickel supported an online camp for the children from Nor ilsk, Dudinka, Monchegorsk, Zapolyarny, and Nickel. The camp was set up under the Green Brush national long-term social project for early career guidance for schoolchildren, aimed at fostering green behaviours and safety awareness culture, and promoting engineering professions among schoolchildren. Over 500 schoolchildren aged between 8 and 14 participated in webinars, creative workshops and online quizzes hosted by practicing environmental engineers, geologists, occupational safety specialists, and education experts.

**Early career guidance for children.**

On 1 September each year, the Company provides over 5 thousand first-graders in its host cities with a book presenting the

Company's professions in a compelling and informative way. A Book on How Metals Helped Build Cities is a real metallurgy 101 for children, helping them to learn about Nor nickel's operations and their parents' trades in an accessible way using vivid and memorable images. Due to the use of QR codes, the information is readily accessible, visual and interactive. While learning about the jobs of the future, a first-grader also starts to think about future career opportunities in their hometown. The most exciting parts of the book, however, are its games which allow the little reader to take a break from the text while also immersing them into the world of professions. As an addition to the book, a five-episode cartoon series titled Professor Nichrome's Lessons was produced for first-graders, widely enjoyed by both children and their teachers. The book and the cartoon will be used in career guidance lessons for elementary school children hosted by both elementary school teachers and guidance counsellors.

**16 investment projects**  
support the Nor ilsk Development Agency

**250 participants**  
took part in the public art festival



For more details on the Company's initiatives to support local communities, please see the 2021 Sustainability Report.





## CHARITABLE PROGRAMMES

### World of New Opportunities programme

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

In 2021, the Company's charitable events and projects were held in hybrid formats (online, offline, and phygital), thus making it possible for Nornickel to continue reaching out to target audiences and achieve performance targets during the pandemic.

### We Are the City! project

In March 2021, the forum was held in the phygital format in four cities and towns: Norilsk, Chita, Nickel, and Monchegorsk. The forum was themed around Social Reality Transformation and held as a communication and foresight platform to discuss the pandemic consequences, current trends, and the importance of partnership in a post-COVID world. The forum highlights: 1 day, 6 studios, 4 offline platforms, over 500 participants from 33 Russian cities and towns, 20 experts, and countless insights, new contacts and project ideas.

Over 400 Chita residents participated in the We Are the City! urban picnic in September 2021. The event centred around healthy and dynamic lifestyle, sports, outdoor activities, and creative volunteering. The picnic was organised by local activists, participants of the World of New Opportunities charity programme and the Plant of Goodness employee volunteering programme. The available activities included sports grounds

(rugby, table football and orienteering), creative workshops, the Silent Dance flash mob, watching and discussing social short films, the #CityCharge challenge, etc. The most active participants of the #CityCharge challenge who walked the most number of steps as recorded by a fitness tracker received gifts with the We Are the City! picnic symbols.

### SVET ON online youth forum

The SVET ON youth forum was held online for the second year in a row. In 2021, it brought together online 300 participants aged between 12 and 18 from the Company's regions of operation, discussing youth entrepreneurship trends, ideas for regional volunteering development, engineering, and digital technologies. The forum's highlights and impacts: over 3 thousand views, 30 participating cities and towns, 5 top experts, 4 case studies, 4 forum ambassadors, and 3 podcasts on careers and professional career paths for young people.

**>500 participants**

from 33 Russian cities and towns took part in the We Are the City! project

**5 business ideas**

were picked up by project teams (from 50)

**27 thousand people**

were involved in the social programmes

## IMAKE engineering marathon

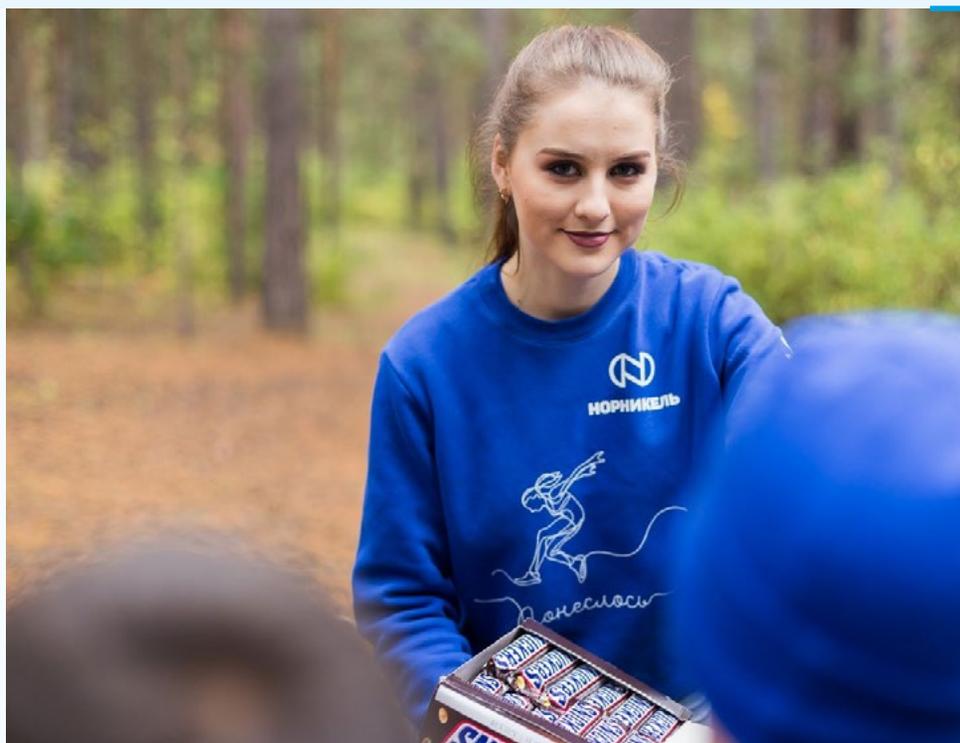
The IMAKE 2021 engineering marathon was held in the hybrid format for more than 1 thousand young inventors, resulting in a new system to engage teenagers and their parents in research and invention activities. The first IMAKE.May Day maker family weekend was held in 2021. For two days, the Fablab locations in Norilsk and Monchegorsk hosted engineering workshops attended by over 150 people. A series of meetups, open urban meetings for Norilsk and Monchegorsk residents, was held for the first time in 2021. Participants (representatives of not-for-profits, teachers, employee volunteers, parents, and young makers) discussed creative engineering development in their cities and mapped related projects and ideas.

## International Forum of Innovators

The IN'HUB International Forum of Innovators was launched in November 2021. IN'HUB is an event platform for inventors and innovators: employees of industrial companies, students, postgraduates, schoolchildren, and teen makers. A contest of innovative projects was held in January–February 2022. The results will be announced at the IN'HUB International Forum of Innovators, which will be held on 6–8 October 2022 in Novosibirsk.

## Convention of Social Entrepreneurs from the Arctic

The Convention of Social Entrepreneurs from the Arctic was held in December 2021 in Monchegorsk and gathered together 70 offline and over 50 online participants. In 2021, the business convention was centred around Tourism and Creative Industries as Regional Development Drivers. For nine hours, participants and experts of the convention discussed investment attraction tools to develop business projects, and presented cases of successful regional development practices driven by tourism and other projects. The convention highlights: 15 collaborations, 50 business ideas, of which 5 ideas were picked up by project teams, and 13 experts.



## Norilsk business forum

The first Norilsk business forum held on 10–11 December was a platform for a constructive dialogue between SMEs, local authorities, the backbone enterprise, not-for-profits, and guest experts and business consultants. The event was organised by the Norilsk Development Agency, sponsored by Nornickel, and held at the Vladimir Mayakovsky Norilsk Polar Drama Theatre, the northernmost theatre in the world.

The investor meetings were themed around regional SME development programmes, preferences for the Arctic zone residents, advisory support for entrepreneurs, economic growth drivers, and business needs in Taimyr. Three round tables were held to discuss promising investment projects and ideas in three focus areas: high-tech entrepreneurship, tourism and creative industries.

The forum's main day agenda was focused on business challenges and opportunities in Taimyr. First, city officials and managers of Nornickel and the Norilsk Development Agency presented long-term development plans for the area and its backbone enterprise to businesspeople, and

convincingly dispelled the myth that Norilsk was allegedly planned to be turned into a rotation camp.

The first Norilsk business forum allowed local entrepreneurs to identify promising niches, forge useful business contacts and receive advice from guest experts.

**ALL IN ALL, ABOUT 27 THOUSAND PEOPLE FROM ACROSS NORNICKEL'S FOOTPRINT AND BEYOND WERE INVOLVED IN THE SOCIAL PROGRAMMES RUN UNDER THE WORLD OF NEW OPPORTUNITIES CHARITY PROGRAMME IN 2021. THE CHARITABLE PROGRAMME'S WIDER FOOTPRINT IS ONE OF THE BENEFITS OF USING THE ONLINE FORMAT TO HOLD ITS EVENTS.**