



DEPUTY CHAIRMAN'S LETTER

DEAR SHAREHOLDERS,

The past year was like no other in our recent memory.

On top of COVID-related remaining restrictions, we also had to deal with two industrial incidents. We express our deepest regret that lives of our employees have been lost. I can assure you that we have provided full support to their families and will do our best to eliminate the causes of such incidents. In fact, we are now putting zero fatalities into the top of our strategic priorities.

I would like to highlight that we have amended our KPIs to bring them more in line with our sustainable development targets. Our corporate governance has been considerably revamped over the past couple of years, raising emphasis on managing sustainable development in line with best international standards.

Despite sizeable operating disruptions in the first half of the year an exceptional commitment displayed by our employees helped us to recover production in the shortest possible time and mitigate an adverse impact on financial performance. The post-Covid economic recovery also provided a tailwind to our business as the

consumption of our products substantially increased following solid demand for metals needed for the transition to green economy. Our revenue was up 15% y-o-y to USD 17.9 billion, while EBITDA increased almost 40% to record high of USD 10.5 billion.

We believe that the more you earn the more you have to share with the communities. That is why we have increased our social expenditures to almost USD 1 billion with a specific focus on a long-term renovation programme of Norilsk's housing and social infrastructure to significantly improve the quality of life of all local communities including indigenous people.

Our environmental program has reached a number of new milestones this year in Kola division, whereas Sulphur project in Norilsk is on track. We have been successful at ramping up our capex this year, which increased 60% year-on-year. Our efforts in supporting expanded capital investment program, give us comfort that we deliver on our new even more ambitious environmental targets.

We also continued to make strong progress on our plans to mitigate climate risk at our production facilities with the establishment of a Permafrost monitoring center in Norilsk as well as position the company for success in a lower-carbon energy future on a global scale. Nor Nickel is perhaps uniquely positioned as a major mining house to contribute to the greatest existential challenge of the 21st century, namely global warming and its environmental consequences. Our metal basket is critical to support the global transformation to a net zero world and our core growth projects aim to deliver additional volumes of nickel, PCMs and copper to the market.

Despite the geopolitical challenges and uncertainties we face, our strategic goal remains the same: to navigate Nor Nickel to the premier league of the future green economy and to becoming a leader in sustainability. I would like to thank the Board, Management and all employees across the world for their dedication and hard work in these endeavours.

SERGEY BATEKHIN

Deputy Chairman of the Board of Directors
MMC Norilsk Nickel





Nornickel's strategic goal is to achieve leadership in transitioning to the future green economy and in sustainability. This means not just full compliance with all national technical and legal requirements but also meeting the highest global environmental, industrial safety and climate change management standards.



STRATEGIC REPORT

25%–35% growth in nickel and copper production (in 2030 vs 2017)

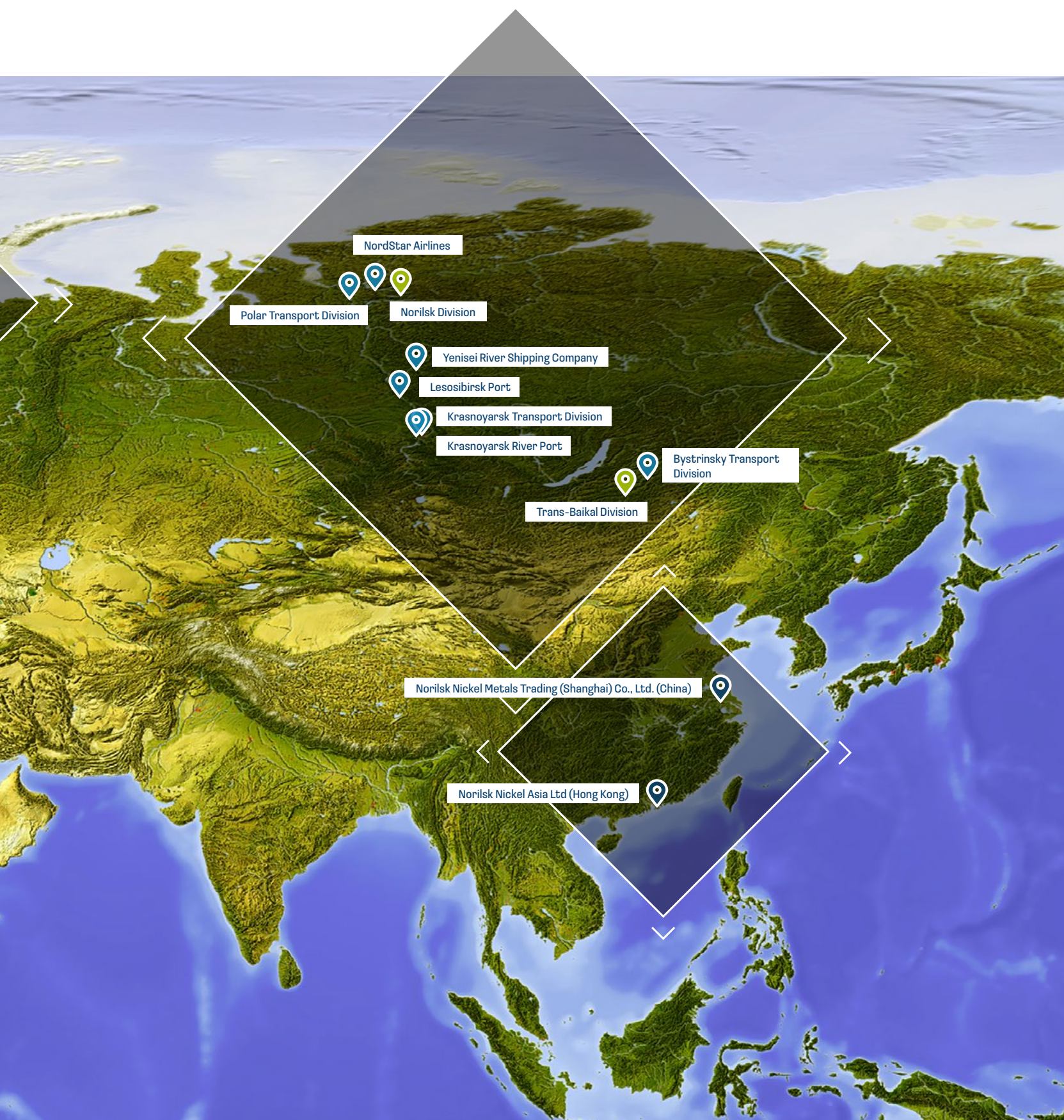
50%–60% growth in PGM production (in 2030 vs 2017)

~2x reduction of SO₂ emissions from the Polar Division by 2023; 10x by 2026

In 2021, SO₂ emissions from the Kola Division were reduced

tenfold.

USD 35 bn of projected investments through 2030, including USD 6 bn in environmental projects.



GEOGRAPHY



OPERATING ASSETS

- Norilsk Division
- Kola Division, including Norilsk Nickel Harjavalta Oy
- Trans-Baikal Division



ENERGY

- Energy Division



TRANSPORT

- Polar Transport Division
- Murmansk Transport Division
- Arkhangelsk Transport Division
- Krasnoyarsk Transport Division
- Bystrinsky Transport Division
- Yenisei River Shipping Company
- Krasnoyarsk River Port
- Lesosibirsk Port
- NordStar Airlines



R&D

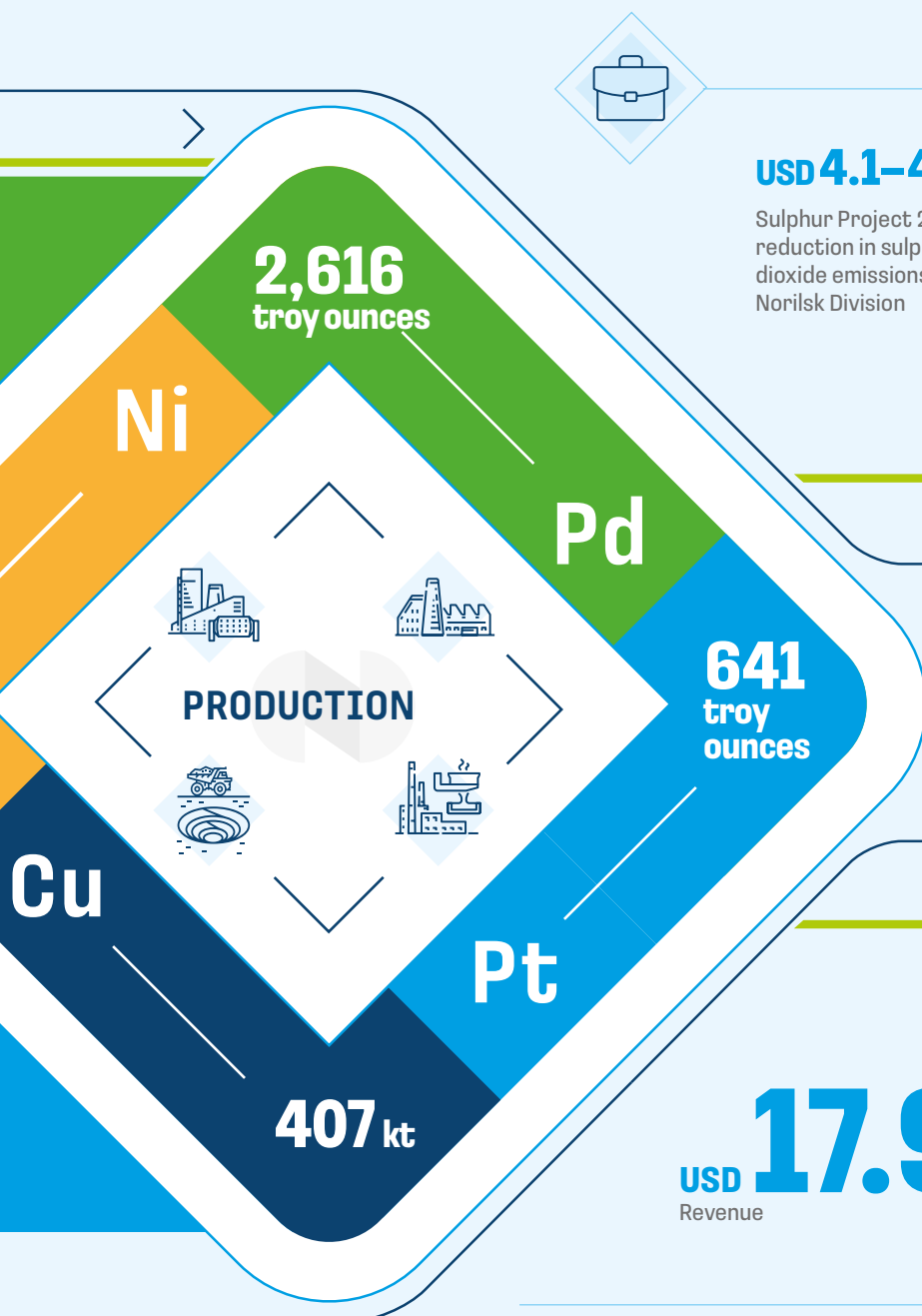
- Cipronickel Institute



SALES

- NORMETIMPEX
- Metal Trade Overseas SA (Switzerland)
- Norilsk Nickel Asia Ltd (Hong Kong)
- Norilsk Nickel USA Inc. (USA)
- Norilsk Nickel Metals Trading (Shanghai) Co., Ltd (China)





USD 4.1–4.3 bn

Sulphur Project 2.0 – reduction in sulphur dioxide emissions from the Norilsk Division

>USD 8 bn

Energy infrastructure upgrades

RUB 1.4 bn

to upgrade refining capacity

LONG-TERM INVESTMENT

NORNICKEL is a global leader in the production of metals essential for clean transport and the development of a low-carbon economy. Nornickel is focused on the exploration, mining and processing of minerals, as well as the production and sale of non-ferrous and precious metals.

FINANCIAL PERFORMANCE

USD 17.9 bn
Revenue

USD 10.5 bn

EBITDA

USD 7.0 bn

Net profit

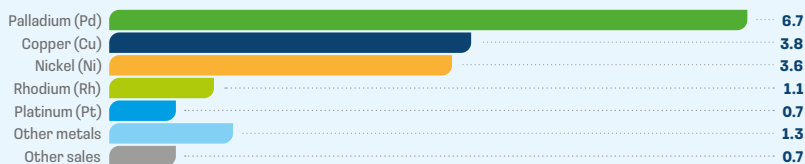
59%

EBITDA margin

0.5x

Net debt/EBITDA

Revenue from sales of metals (USD bn)



ENVIRONMENT

10.3 mln t

CHC emissions (Scope 1+2)

3.1 mln t

CHC emissions (Scope 3)

99%

of the Company's industrial waste is non-hazardous

47%

of electricity generated from renewable sources

85%

share of reused and recycled water

CONSUMERS

The Company's products are supplied to **37 countries worldwide**

GOVERNMENT

Tax and non-tax payments:

RUB 82.0 bn

Federal

RUB 177.6 bn

Regional

BUSINESS MODEL

RESOURCES

MINERAL RESOURCE BASE

1,293 mln t

Proven and probable reserves

1,824 mln t

Measured and indicated resources

>75 years
of resources
at the current
production rate

WORKFORCE



~73.6 thousand employees

MINING AND METALLURGICAL ASSETS

9
mines

4
concentrators

3
metallurgical plants

AUXILIARY ASSETS

- **Transport enterprises**
- **Energy enterprises**
- **Global sales network**
- **R&D:** Cipronickel Institute

MINING

NORILSK DIVISION:

produced

17.5 mln t of ore

Ni	Cu	PGMs
1.20%	2.09%	6.69 g/t

KOLA DIVISION:

produced

7.2 mln t of ore

Ni	Cu	PGMs
0.57%	0.25%	0.29 g/t

TRANS-BAIKAL DIVISION:

produced

16.6 mln t of ore

Cu
0.50%

NATURAL GAS, GAS CONDENSATE:

produced

2,927 Mcm

of natural gas

102 kt

of gas condensate

Core products

Precious metals:

platinum, palladium, rhodium, iridium, ruthenium, gold, gold gravity concentrate, silver

Copper:

cathodes, cake, intermediates

Nickel:

cathodes, carbonyl powder, briquettes, salts, pellets, nickel hydroxycarbonate, nickel sulphate crystals, solutions, intermediates

Other:

cobalt cathodes, cobalt sulphate, cobalt concentrate, tellurium ingots, commercial selenium, commercial sulphur, sodium sulphate, sulphuric acid, iron ore concentrate

193 kt

The Company mines copper-nickel sulphide ores on the Taimyr and Kola Peninsulas and gold-iron-copper ores in the Zabaykalsky Region.

VALUE CREATED FOR STAKEHOLDERS

SHAREHOLDERS

11%
dividend yield in 2021

EMPLOYEES

USD 161 mln
Spending on social programmes for employees

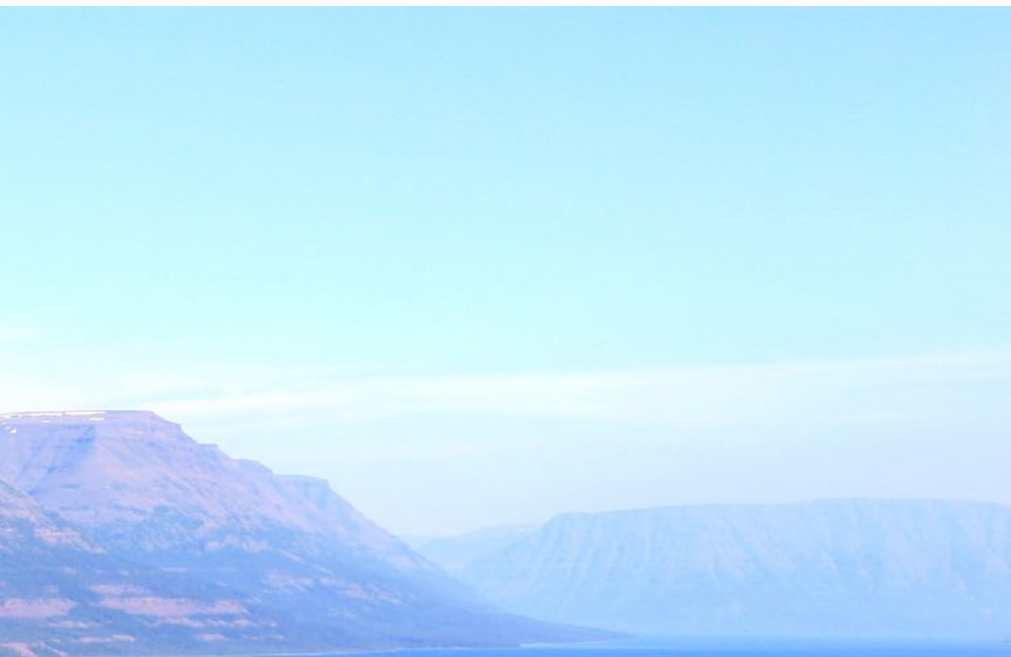
USD 1,970
Average monthly pay

USD 14 mln
Spending on pension plans

0.38
LTIFR

SUPPLIERS

95%
share of Russian companies in supplies to Nor Nickel



NORNICKEL APPROVED ITS ENVIRONMENTAL AND CLIMATE CHANGE STRATEGY

The new strategy covers six main aspects of environmental impact: climate change, air, water, tailings and waste management, soils, and biodiversity. The strategy has been rolled out across all Nornickel enterprises starting from 2021. It aims to significantly improve the Company's environmental performance and was developed in close consultation with stakeholders using the results of a benchmarking audit of key environmental goals.

TUKHARD DEVELOPMENT PROGRAMME

The Company pioneered the use of the free, prior and informed consent (FPIC) procedure in Russia, offering relocation options to indigenous people living in the Tukhard settlement on the Taimyr Peninsula.

SIGNED AN UPDATED COLLECTIVE BARGAINING AGREEMENT

In November, they signed an updated collective bargaining agreement of MMC Norilsk Nickel for 2022–2024. Traditionally providing one of the industry's best social benefit packages, the agreement aims at ensuring long-term well-being of employees and their families. Annual wage indexation is one of the basic provisions of the collective bargaining agreement. To drive employee motivation in an increasingly competitive recruitment landscape, the Company decided to raise pay levels by 20% at its enterprises in the Norilsk Industrial District and Krasnoyarsk Territory and by 10% in other regions from 1 January 2022, above the expected inflation rate for 2022.

by 78% Nornickel cut emissions on the Kola Peninsula in 2021

NORNICKEL CUT EMISSIONS ON THE KOLA PENINSULA BY 78% IN 2021

The smelting shop closure in March 2020 enabled a 78% cut in sulphur dioxide emissions on the Kola Peninsula as compared to 2020, or a 90% reduction from a 2015 baseline, completely eliminating cross-border emissions. All the concentrate previously processed at the metallurgical shop was redirected to the Norilsk Division.

NORNICKEL COMPLETED ITS SHARE BUYBACK PROGRAMME AND REDUCED ITS AUTHORISED CAPITAL

Under the buyback programme, Nornickel repurchased a total of 5,382,079 ordinary shares from shareholders, followed by an Extraordinary General Meeting of Shareholders' resolution to reduce the Company's authorised capital to RUB 153,654,624 by cancelling the 4,590,852 shares repurchased by the Company. The remaining shares were set aside for the employee incentive programme.