



# COMPANY OVERVIEW

## COMPANY PROFILE

OLDERFEREY HOLDINGS LTD<sup>1</sup>

34.6%

**NORNICKEL IS RUSSIA'S LEADING METALS AND MINING COMPANY, THE LARGEST PALLADIUM AND HIGH-GRADE NICKEL PRODUCER IN THE WORLD, AND A MAJOR PRODUCER OF PLATINUM AND COPPER.**

Nornickel also produces cobalt, rhodium, silver, gold, iridium, ruthenium, selenium, tellurium, and sulphur. Nornickel's shares are listed on the Moscow Exchange and are included in its Blue Chip Index. Its American Depositary Receipts (ADRs) are traded on the US OTC market, as well as on the OTC markets of the London, Berlin, and Frankfurt stock exchanges. As of the end of 2019, Nornickel's weight in the leading emerging market stock indices such as MSCI Emerging Markets was 0.5% and 8.2% in the MSCI Russia.

EN+ GROUP IPJSC<sup>1</sup>

27.8%

OTHER

37.6%

**SHAREHOLDING STRUCTURE AS OF 31 DECEMBER 2020 (%)**

<sup>1</sup> Indirect ownership via controlled entities.

## THE GROUP'S ASSETS

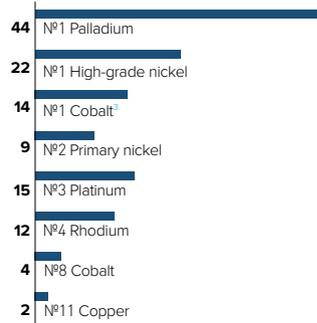
The Group's production assets are located in three countries – Russia, Finland and South Africa. The Group's core businesses are represented by vertically integrated metals and mining operations. They include Norilsk Division (located on the Taimyr Peninsula), Kola Division including Kola MMC (located on the Kola Peninsula), and Norilsk Nickel Harjavalta Oy (located in Finland), and also Zabaykalsky Division (Bystrinsky GOK, 50.01% stake).

In South Africa, the Group owns 50% of Nkomati, which operates a nickel mine of the same name. In 2019, the Group and its operating partner, African Rainbow Minerals, reached an agreement to scale down production at Nkomati Nickel Mine. The operations of the mine are planned to cease in 1H2021 whereafter the mine is to be placed on limited care and maintenance pending the finalisation and submission of a closure plan.

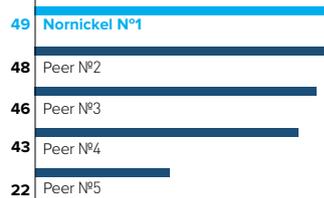
In addition to the production facilities, the Group operates captive global sales network and owns a wide range of R&D facilities, fuel and energy assets, river fleet, river and sea port terminals, and a unique Arctic cargo sea fleet.

The Nor Nickel core operations include exploration, mining and processing of minerals, and the sales of base and precious metals.

### NORNICKEL'S SHARE OF THE GLOBAL METALS MARKET [%]<sup>2</sup>



### GLOBAL INDUSTRY LEADERSHIP BY 2020 EBITDA MARGIN [%]<sup>4</sup>



## COMPETITIVE ADVANTAGES

Nornickel boasts a world-class resource base, unique for the amount of valuable minerals, their high content, and extensive reserve life. The key metals are nickel, copper, palladium, platinum and other platinum group metals (PGMs).

**9** mines

Proven and probable reserves

**742.8** mln t

Ni — 6.5 mln t

Cu — 11.6 mln t

PGMs — 118 moz

Measured and indicated resources

**2,018.6** mln t

Ni — 13.8 mln t

Cu — 23.0 mln t

PGMs — 258 moz

Over **75** years

resources at the current production rate

<sup>2</sup> Based on refined metal (including tolling) output for palladium, nickel, platinum, and rhodium and based on contained metal production for copper and cobalt.

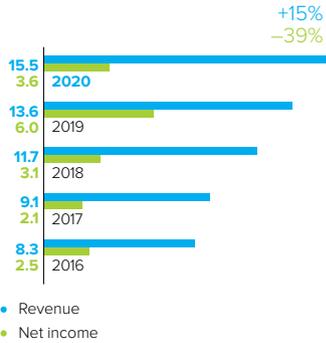
<sup>3</sup> Excluding supply from the Democratic Republic of the Congo.

<sup>4</sup> The peer group includes Anglo American, BHP, Rio Tinto, and Vale.

# PERFORMANCE HIGHLIGHTS

## FINANCIAL HIGHLIGHTS

### KEY FINANCIAL HIGHLIGHTS (USD BN)



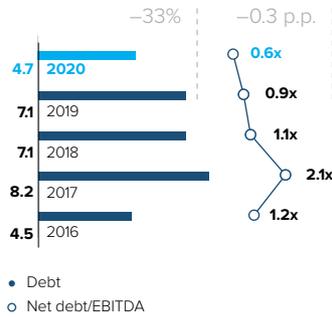
### EBITDA & EBITDA MARGIN (USD BN)



### CAPITAL INVESTMENTS (USD BN)

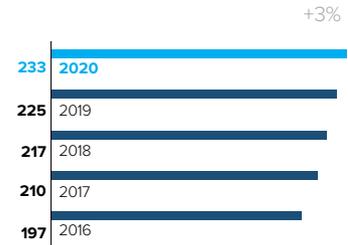


### DEBT (USD BN)

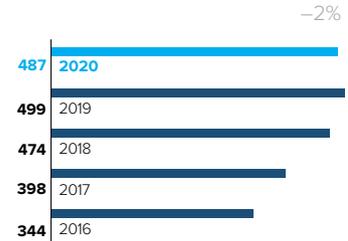


## OPERATING HIGHLIGHTS

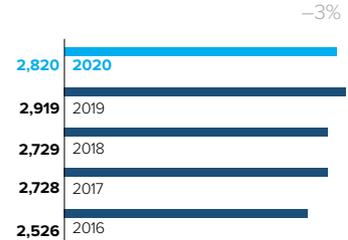
### NICKEL FROM OWN FEEDSTOCK (KT)



### COPPER FROM OWN FEEDSTOCK (KT)



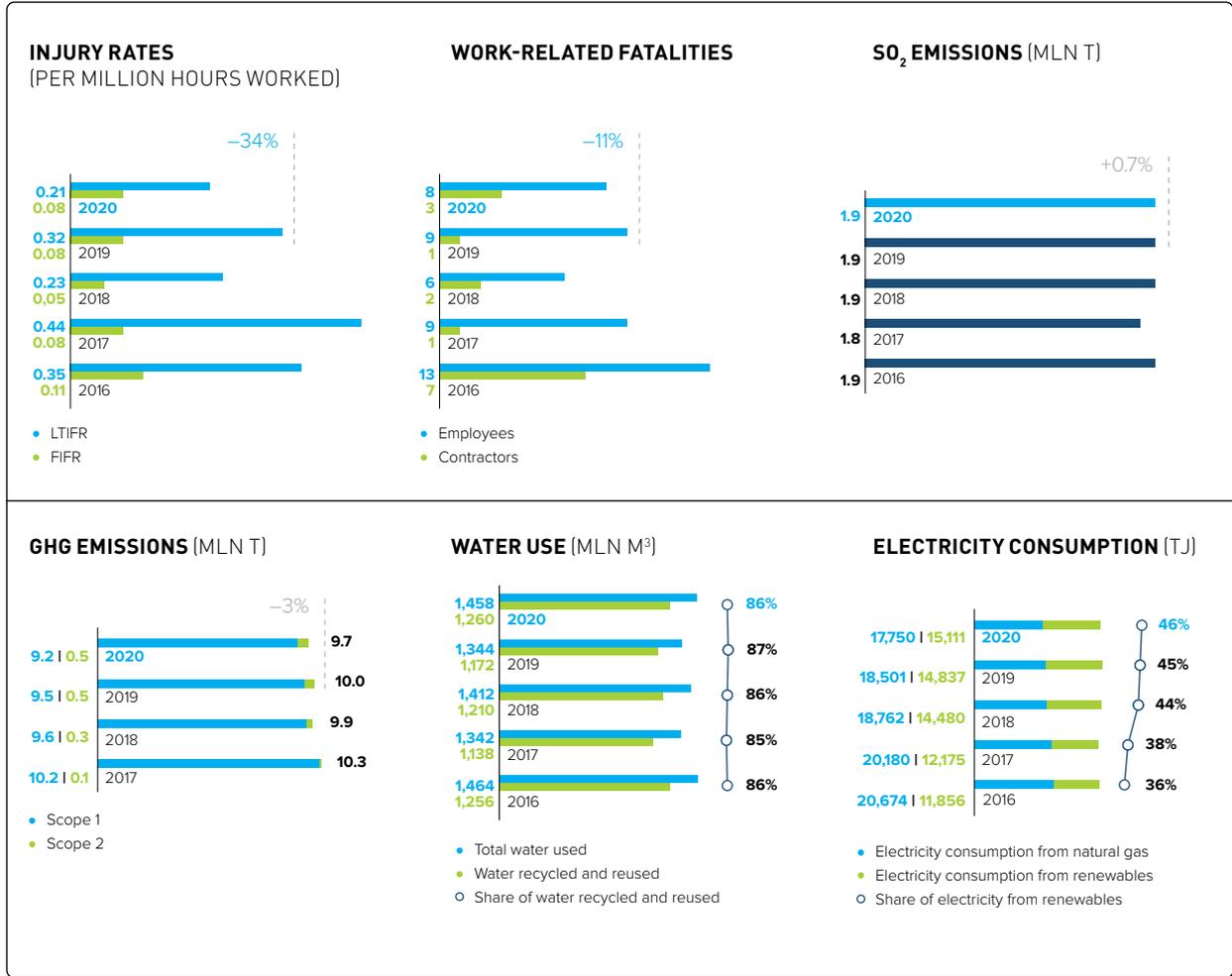
### PALLADIUM FROM OWN FEEDSTOCK (KOZ)



### PLATINUM FROM OWN FEEDSTOCK (KOZ)



# SUSTAINABILITY HIGHLIGHTS



## ESG PERFORMANCE

**THE GLOBAL COMPACT**

The company joined the UNGD in 2016 and every year confirms its commitment to the principles of sustainable development

**FTSE4Good**

Inclusion in the index constituent is reiterated: score at 4.0 (out of 5)

**ISS CORPORATE SOLUTIONS**

Environmental score and social score – 3, governance score – 4 (where 1 is low risk, and 10 is high risk), ESG rating – “C” medium

**Sustainalytics**

ESG score – 61 (out of 100) Average Performer (vs 63 in 2019). ESG risk score – 38.3 (out of 100)

**S&P Global**

Score – 44 (out of 100) (vs 33 in 2019)

**MSCI**

ESG rating – “B”, score – 3.3 (out of 10)

**CDP**

Disclosure to CDP launched in 2020  
Climate change score – “D”,  
Water Security score – “C”

## CURRENT STATUS/RATING

Target — maintains investment grade credit ratings.

**Baa2**  
negative  
Moody's

**BBB-**  
stable  
S&P Global

**BBB-**  
stable  
FitchRatings

**ruAAA**  
stable  
Expert РЕЙТИНГОВОЕ АГЕНТСТВО



# THE COMPANY'S HISTORY

## 1935–1959

### CREATION AND EVOLUTION OF NORILSK PLANT

In 1935, the USSR Council of People's Commissars resolved to build Norilsk Plant. The first batch of converter matte was produced in 1942, with Norilsk Plant opening a Nickel Tankhouse in 1943. In 1953, Norilsk was granted the status of a town, with Norilsk Plant producing 35% of nickel, 12% of copper, 30% of cobalt and 90% of platinum group metals (PGM) of the Soviet Union's total output. The company's history

## 1960–1992

### NEW DEPOSITS DEVELOPED AND NEW FACILITIES PUT ONLINE

The Talnakhskoye deposit, the world's largest deposit of copper-nickel ores, was discovered in 1960, giving a new lease on life to Norilsk Plant. The construction of mines and the town of Talnakh started on the Taimyr Peninsula. The Oktyabrskoye deposit of copper-nickel ores was discovered in 1965. Nadezhda Metallurgical Plant and the 1st Stage of Talnakh Concentrator were put on stream in 1981.

## 1993–2012

### TRANSFORMATION IN A MARKET ECONOMY

In 1993, the Russian President signed an Executive Order to transform the Norilsk Nickel State Concern for the Production of Precious and Non-Ferrous Metals into Russian Joint Stock Company (RJSC) Norilsk Nickel for the Production of Precious and Non-Ferrous Metals. In 2001, the Company was restructured, with shareholders of RJSC Norilsk Nickel exchanging 96.9% of their stock to shares in MMC Norilsk Nickel. The Company shares were listed on the RTS and MICEX stock exchanges, while the Company started the issuance of Level-1 American Depositary Receipts (ADRs) with MMC Norilsk Nickel shares as the underlying asset.

**2013–2020****IMPLEMENTING  
A NEW STRATEGY**

Vladimir Potanin's team changed the management structure of Nor Nickel. The Board of Directors adopted a new development strategy. The Company decided to focus on the Tier-1 assets of the Polar Division and Kola MMC. Bystrinsky GOK, the largest greenfield project in the Russian metals industry, was constructed from scratch.

Steps were taken to improve the environmental situation in our operating regions, including the shuttering of Nickel Plant in Norilsk, the launch of the Sulphur Programme to drastically improve the environment in the Norilsk Industrial District, and multiple obsolete production facilities in the Murmansk Region slated for closure.

**2020–2030****ENABLING  
THE TRANSITION  
TO A GREENER  
WORLD**

To implement its growth strategy and environmental projects, Nor Nickel has updated its long-term CAPEX plan and announced that its investment cycle would enter an active phase in 2021.

Total investments for the next ten years are scheduled to exceed USD 27 billion, including approximately USD 5.5 billion earmarked for projects with a positive environmental impact. Ramping up investments in the comprehensive development of its mining and processing capacities will boost the Company's metal output by over 30% by 2030.

The global transition to a "green economy" offers a unique opportunity for the Company to become a key player in metals markets, essential for building a carbon-neutral economy in general and clean transport in particular.

# HIGHLIGHTS OF THE YEAR

## EXPANDING PARTNERSHIPS IN THE BATTERY RECYCLING

Nornickel has been supporting the creation of a battery recycling cluster in Harjavalta, Finland on the premises of its own nickel refinery and Nornickel will continue to support actively the recycling value chain in Europe. Re-using critical metals present in used batteries would enable a successful “closed loop” cycle offering a significant CO<sub>2</sub> reduction in the production of battery materials for electric vehicles. Additional CO<sub>2</sub> reduction can be achieved by using electricity from renewable sources in Finland for the recycling process.

## COVID-19 RESPONSE

Nornickel spent about RUB 12 billion (USD 157 million) to fight COVID-19, directing the funds towards supporting to safeguard the health and safety of its employees and purchasing personal protection equipment, COVID-19 tests, medicines and medical equipment across its footprint. The Company provided benefits and subsidies to SMEs operating in Norilsk.

## ENVIRONMENTAL INCIDENTS AND LESSONS LEARNED

On 29 May 2020, as a result of depressurisation of an emergency fuel storage tank at CHPP-3 in the city of Norilsk, around 21 thousand tonnes of diesel fuel were spilled into the environment. The Company immediately initiated a response to the fuel spill. Already in 2020, more than 90% of the spilled fuel was collected, and the water/fuel mixture was transported and separated. The Company is committed to do all that is necessary to fully eliminate the consequences of the incident and prevent any such incidents in the future.

The Company made significant changes to its corporate governance structure, in particular: set up the Risk Committee led by the President of the Company, introduced the position of Senior Vice President for Sustainable Development and established the Ecology Department. The Industrial Safety Department was spun off from the Operations unit; the Ecology Monitoring Centre was set up within the risk management and internal control function. The Company transitioned to a division-based structure, with the heads of regional divisions (Norilsk, Kola) taking over support functions, and increased investment limits.

Nornickel initiated the Great Norilsk Expedition, which included studies by researchers from 14 institutes of the Siberian

Branch of the Russian Academy of Sciences to identify the causes and implications of the incident at CHPP-3, but also to launch an ambitious and comprehensive programme to research ecosystems on the Taimyr Peninsula and climate changes over the last decades

To assess the impact of the incident on local communities, a special ethnogeographic expedition was carried out, which focused on studies of indigenous peoples of the North living on the Taimyr Peninsula. As part of the expedition, 100 representatives of local communities were interviewed, and the results formed the basis of a new five-year agreement between Nornickel and associations representing over 90% of indigenous peoples of the North, which includes over 40 specific projects and initiatives aimed at improving their quality of life, supporting indigenous crafts, and promoting socio-cultural development.

At the request of the Board of Directors, a leading global industrial safety consultancy, Environmental Resources Management (ERM), prepared an independent assessment of the causes of the fuel spill incident.

The Company reinvented its approaches to environmental safety, with USD 5.5 billion out of the USD 27 billion allocated for Nornickel’s investment programme up to 2030 to be directed towards the environmental programme and another USD 1.3 billion towards improving the industrial safety of infrastructure.

## ADOPTION OF A DIVISION-BASED ORGANISATIONAL STRUCTURE

The Group's core operations have been grouped into three divisions – Norilsk, Kola and Trans-Baikal. In addition to major production assets, the divisions comprise support enterprises. Division-level investment limits not requiring the approval of the corporate centre were increased. The new division-based system will accelerate decision-making and improve accountability of production site management.

## DISPOSAL OF THE HONEYMOON WELL NICKEL PROJECT IN AUSTRALIA

Nornickel sold its Honeymoon Well Nickel Project in Western Australia to BHP Billiton Nickel West Pty Ltd. The deal also included Albion Downs North and Jericho Joint Ventures, both being exploration projects where BHP already owned the remaining 50% stake.

## EUROBONDS

In September, Nornickel successfully placed its 5-year USD 500 million Eurobond with an annual coupon rate of 2.55%.

## ENVIRONMENTAL PROJECTS IN THE MURMANSK REGION

A smelting shop in Nikel, located in the cross-border area with Norway, was shut down in December 2020 as part of the implementation of the comprehensive Sulphur Programme, Nornickel's largest environmental initiative aimed at significantly reducing sulphur dioxide emissions in Norilsk and on the Kola Peninsula.

As a result, already in 2020, sulphur dioxide emissions were reduced by 71% from a 2015 baseline in Nikel and Zapolyarny and by 58% in the Russia–Norway border area.

## TRADING GOING DIGITAL

In December 2020, Nornickel's Global Palladium Fund issued the first tokens to digitise some of the contracts with major industrial partners, Traxys SA and Umicore SA, taking the first meaningful step towards shifting to digital trading tools to ensure efficiency and transparency throughout the supply chain. The Global Palladium Fund issued tokens via Atomyze, a digital platform backed by a number of international investors. Nornickel expects to use tokens for up to 20% of its sales to industrial consumers in 2021.

Nornickel expects to use tokens for up to

**20%** of its sales

of its sales to industrial consumers in 2021



# BUSINESS MODEL

## RESOURCES

### Mineral resource base

**743** mln t  
Proven and probable reserves

**2,019** mln t  
Measured and indicated resources

**>75** years  
of resources at the current production rate

**Personnel** ~72 thousand employees

### Mining and metallurgical assets

**9** mines

**4** concentrators

**3** metallurgical plants

### Auxiliary assets

- Transport enterprises
- Energy enterprises
- Global sales network operating in Russia, China, Hong Kong, USA and Switzerland
- R&D – GiproNikel Institute

## PRODUCTION

### Core products

**Ni:** cathode, carbonyl, briquettes, salts, pellets, powders, solutions, semi-products

**Cu:** cathode, cake, semi-products

**Precious metal concentrates:** Pt, Pd, Rh, Au, Ag, Ru, Te, Ir

**Co:** cathode, sulphate

**S:** technical

**Se:** commercial H<sub>2</sub>SO<sub>4</sub>

**Fe:** concentrate

**Ni** 235 kt

**Cu** 487 kt

**Pd** 2,826 koz

**Pt** 695 koz

## MINING

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

### Norilsk Division:

produced

**18.8** mln t of ore

**Ni** 1.3% **Cu** 2.3% **PGMs** 6.9 g/t

### Kola Division:

produced

**7.7** mln t of ore

**Ni** 0.5% **Cu** 0.2% **PGMs** 0.1 g/t

### Trans-Baikal Division:

produced

**16** mln t of ore

**Cu** 0.6%

### Natural gas, gas condensate

produced

**2,728** Mcm

**114** kt

## VALUE CREATED FOR STAKEHOLDERS

USD 4.2 bn dividends paid in 2020

Shareholders

USD 157 mln spent on COVID response

USD 2,000 Average monthly pay

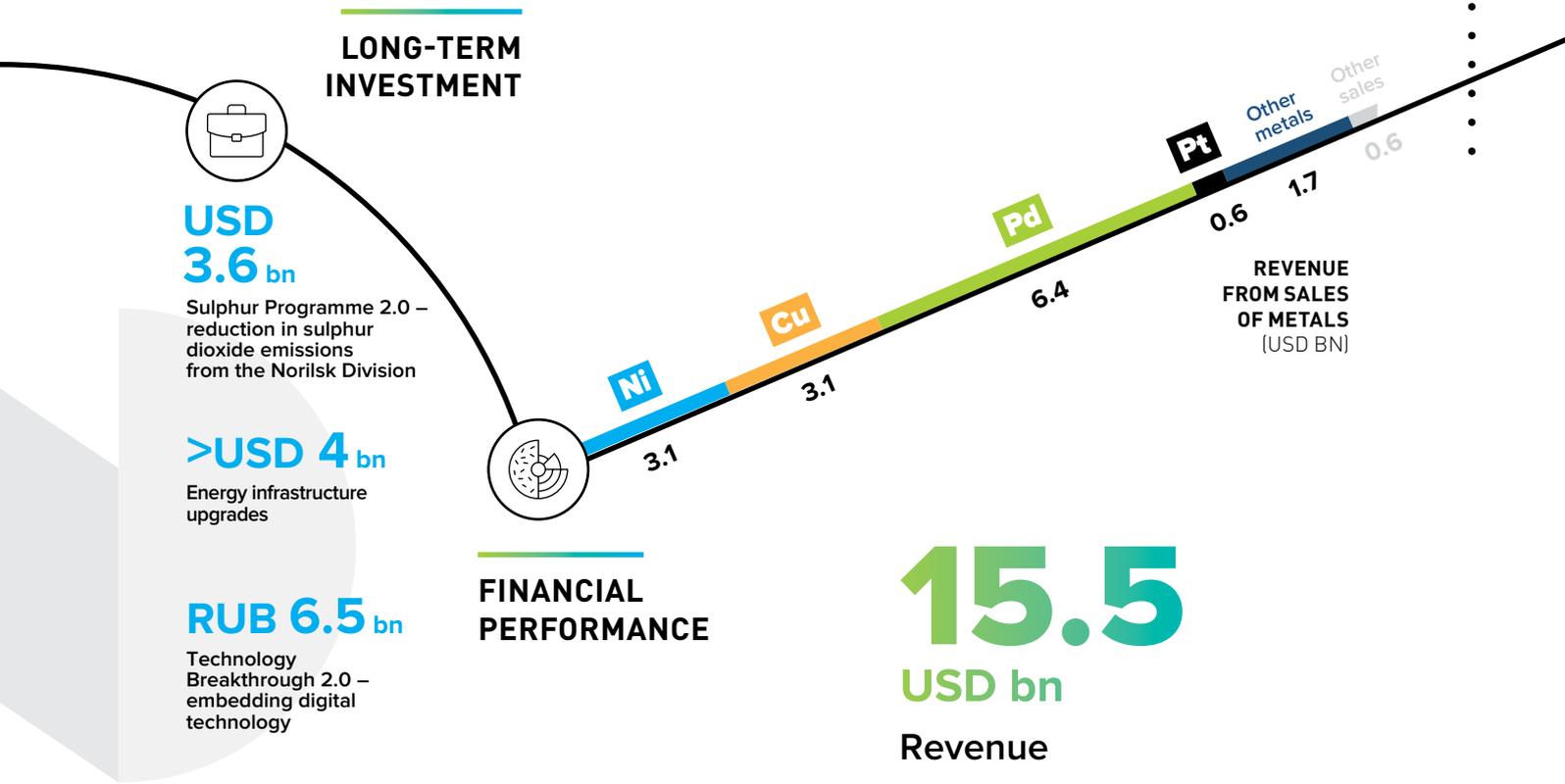
Employees

USD 500 mln Social expenses

0.21 LTIFR

RUB 89.4 bn Procurement in 2020, including 93% being local/ domestic content

Suppliers



**USD 7.7 bn**  
EBITDA

**49%**  
EBITDA margin

**0.6x**  
Net debt/  
EBITDA

**USD 3.6 bn**  
Net profit

## NORNICKEL –

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

|  |   |  |   |  |
|--|---|--|---|--|
| <p><b>9.7 mln t</b><br/>GHG emissions (Scope 1+2)</p> <p><b>99%</b><br/>of the Company's industrial waste is non-hazardous</p> | <p><b>2.6 mln t</b><br/>GHG emissions (Scope 3)</p> <p><b>86%</b><br/>Percentage of reused and recycled water</p> | <p><b>46%</b><br/>electricity generated from renewable sources</p> | <p>The Company's products are supplied to <b>37 countries worldwide</b></p> | <p>Tax and non-tax payments:<br/><b>RUB 34.2 bn</b> Federal<br/><b>RUB 115.7 bn</b> Regional</p> |
| <b>Environment</b>   |   |  | <b>Customers</b>  | <b>Government</b>  |



Nornickel

# GEOGRAPHY

Global asset map

## KOLA DIVISION

Kola Peninsula

Share in total production

|           |           |            |
|-----------|-----------|------------|
| <b>Ni</b> | <b>Cu</b> | <b>PGM</b> |
| 73%       | 14%       | 57%        |

## KOLA DIVISION

Finland

Share in total production

|           |           |            |
|-----------|-----------|------------|
| <b>Ni</b> | <b>Cu</b> | <b>PGM</b> |
| 27%       | 1%        | 1%         |

## NKOMATI

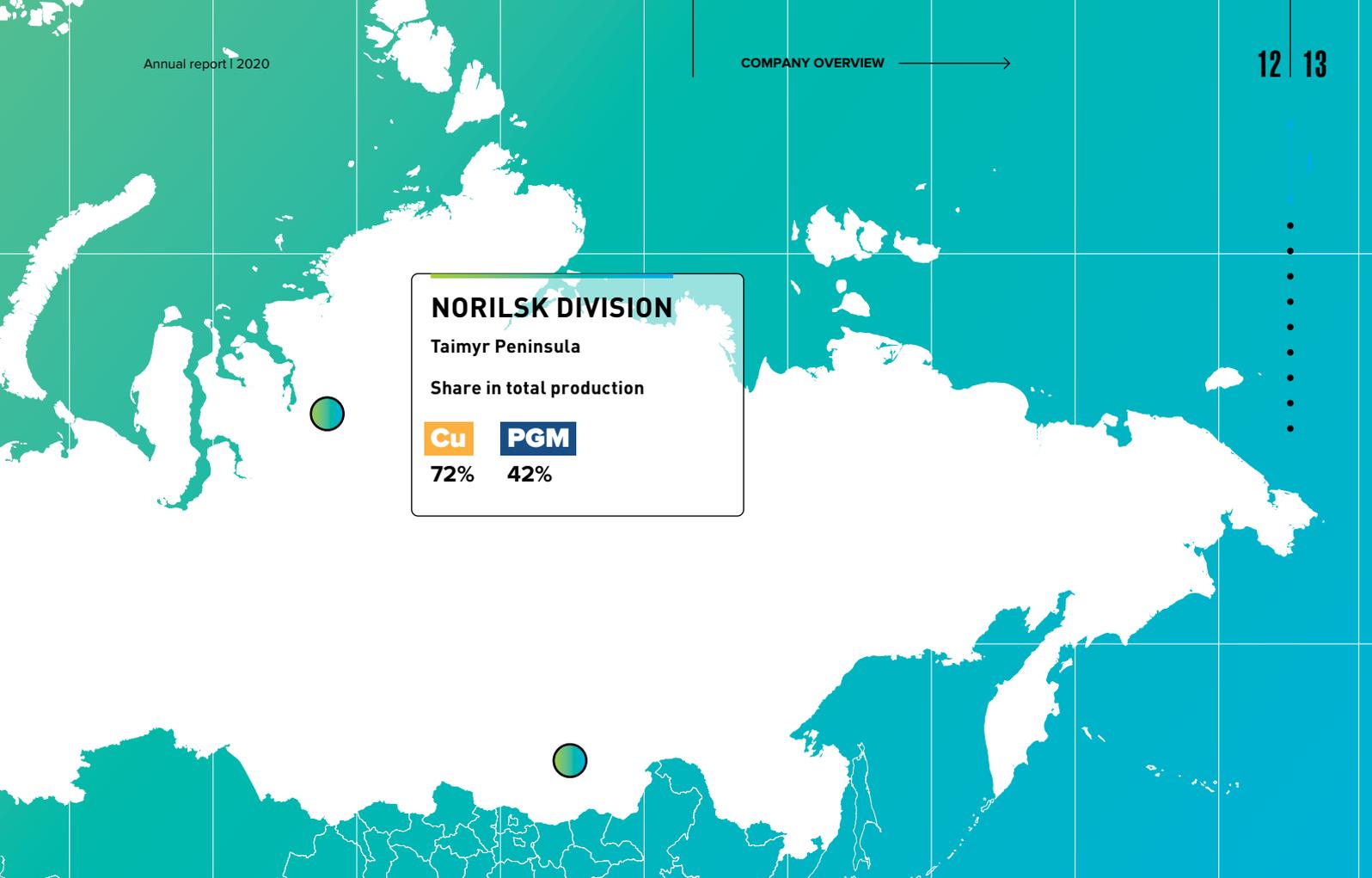
South Africa

The Group owns

**50%**

of Nkomati, which operates a nickel mine of the same name.

In 2019, the Group and its operating partner, African Rainbow Minerals, reached an agreement to scale down production at Nkomati. The operations of the mine are planned to cease in 1H2021 whereafter the mine is to be placed on limited care and maintenance pending the finalisation and submission of a closure plan.



**NORILSK DIVISION**  
Taimyr Peninsula  
Share in total production

|           |            |
|-----------|------------|
| <b>Cu</b> | <b>PGM</b> |
| 72%       | 42%        |

The map shows the Taimyr Peninsula in Siberia, Russia, highlighted in light blue. A callout box provides production data for this division.



**ZABAYKALSKY DIVISION**  
Zabaykalsky Region  
Share in total production

|           |
|-----------|
| <b>Cu</b> |
| 13%       |

The map shows the Zabaykalsky Region in Russia, highlighted in light blue. A callout box provides production data for this division.

# THE MAIN ASSETS OF THE GROUP<sup>1</sup>

## MINING AND METALLURGICAL



**Polar Division**

**Medvezhy Ruchey**  
(100%)

**Kola MMC**  
(100%)

**GRK Bystrinskoye**  
(50.01%)

**Norilsk Nickel Harjavalta OY**  
(Finland, 100%)

**Nkomati Nickel Mine**  
(South Africa, 50%)

## GEOLOGICAL EXPLORATION



**NN Tehnicheskie-servisy<sup>2</sup>**  
(100%)

**Vostokgeologiya**  
(100%)

## ENERGY



**Norilskenergo Division**

**NTEK**  
(100%)

**Norilskgazprom**  
(100%)

**TTK**  
(100%)

**Norilsktransgaz**  
(100%)

**Arctic-Energo**  
(100%)

<sup>1</sup> Ownership Group in subsidiaries is indicated from the authorised capital (direct) as of December 31, 2020. (GRK Bystrinskoye is shown effective share).

<sup>2</sup> Resolution No. 12 dated 7 December 2020 adopted a new revision of the Articles of Association changing the company's name from Norilskgeologiya to Nornickel Technical Services. The record on the approval of a new revision of the Articles of Association with the new company name was made to the Unified State Register of Legal Entities on 26 February 2021.

## TRANSPORT



- Polar Transport Division**
- Murmansk Transport Division**
- Arkhangelsk Transport Division**
- Krasnoyarsk Transport Division**
- Bystrinsky Transport Division**
- Yenisey River Shipping Company**  
(81.99%)
- Krasnoyarsk River Port**  
(89.3%)
- Lesosibirsk Port**  
(51%)
- Norilsk Airport**  
(100%)
- NordStar Airlines**  
(100%)
- Norilsk Avia**  
(100%)

## RESEARCH



- Gipronickel Institute**  
(100%)

## SALES AND DISTRIBUTION



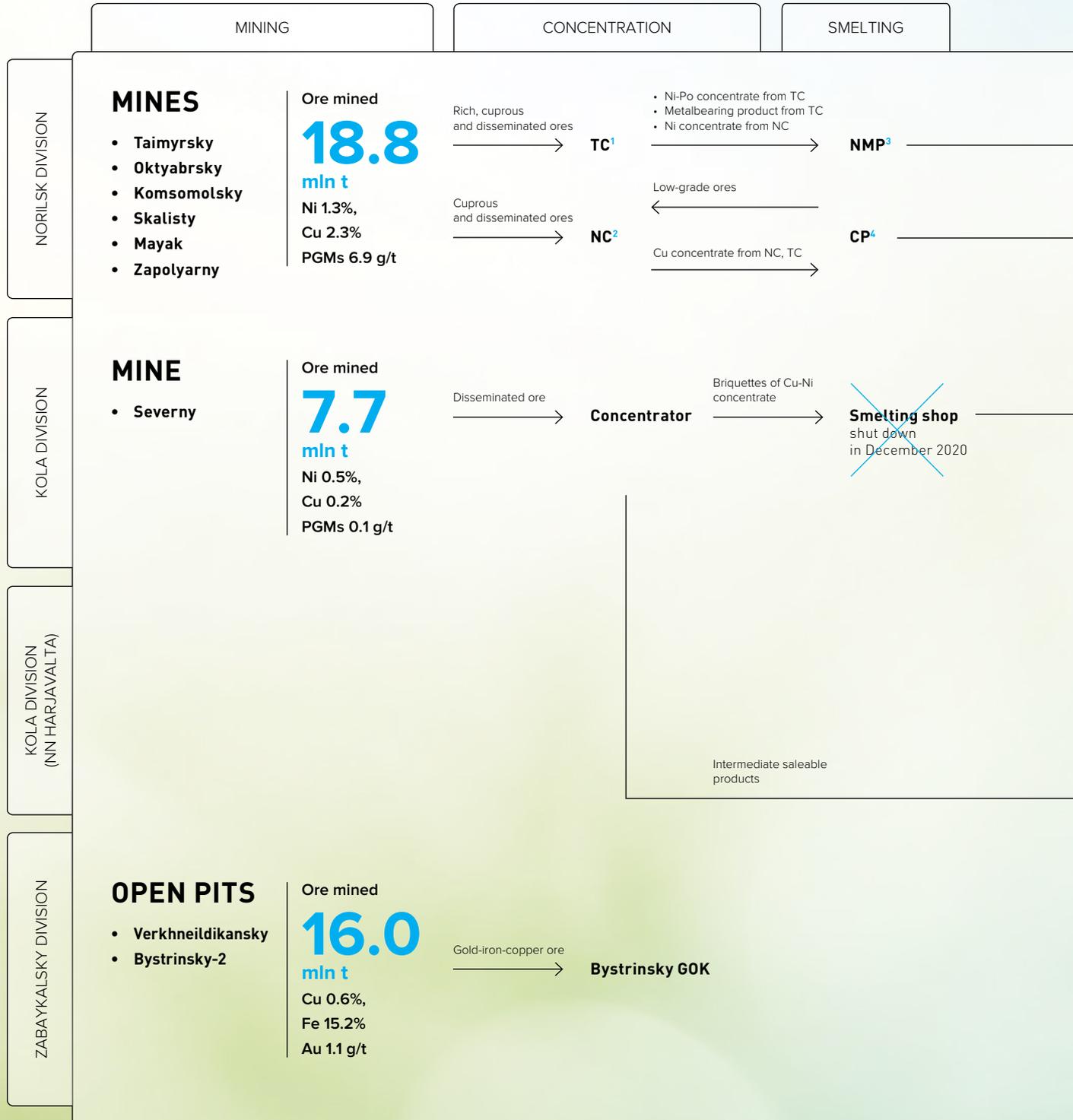
- NORMETIMPEX**  
(100%)
- Metal Trade Overseas SA**  
(Switzerland, 100%)
- Norilsk Nickel (Asia) Limited**  
(Hong Kong, 100%)
- Norilsk Nickel USA Inc.**  
(USA, 100%)
- Norilsk Nickel Metals Trading (Shanghai) Co., Ltd.**  
(China, 100%)

## SUPPORTING BUSINESS



- Norilsk Support Complex**  
(100%)
- Polar Construction Company**  
(100%)
- Norilsknickelremont**  
(100%)
- Pechengastroy**  
(100%)
- Nornickel – Shared Services Centre**  
(100%)
- Norilskpromtransport**  
(100%)

# PRODUCTION FLOW

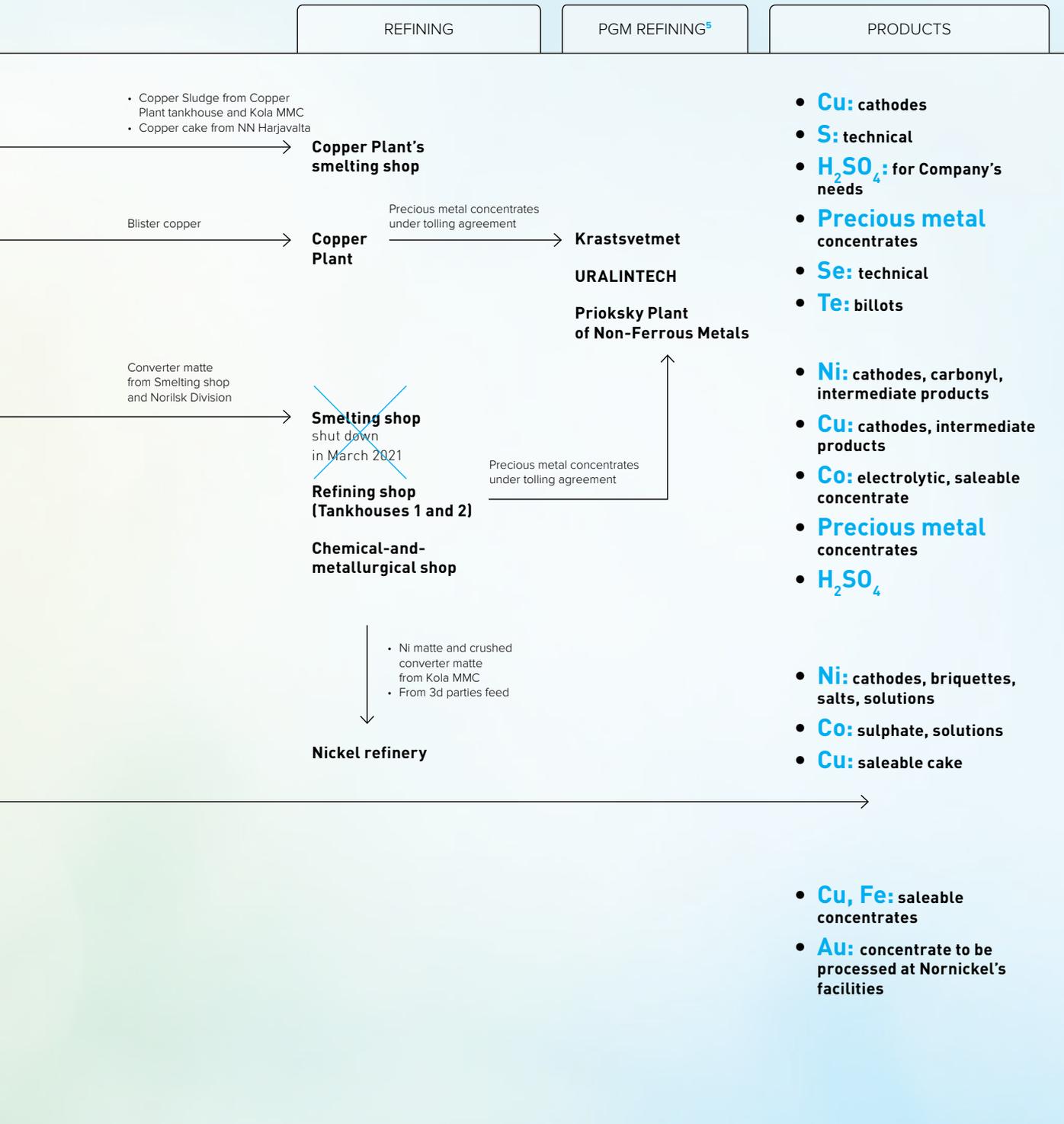


<sup>1</sup> TC – Talnakh Concentrator.

<sup>2</sup> NC – Norilsk Concentrator.

<sup>3</sup> NMP – Nadezhda Metallurgical Plant.

<sup>4</sup> CP – Copper Plant.



<sup>5</sup> The precious metals are refined under tolling agreements.



Nornickel

IMPORTANT  
SOLUTIONS

# WAY TO "GREEN ECONOMY"

//photo: Automatic equipment control center

FOR MORE DETAIL  
SEE ON THE WEB-SITE

[//NORNICKEL.COM](http://NORNICKEL.COM)

“

The Company makes it a point to go beyond just meeting today’s standards – its strategic goal is to make products that support the future green economy, while making sure it manufactures environmentally friendly products in a sustainable way.

**Vladimir Potanin**

President, Chairman of the Management Board MMC Norilsk Nickel

“ECONOMY”

**Introduction**

# SMELTING SHOP SHUTDOWN

In December 2020, Nornickel shut down its oldest production facility – smelting shop in Nikel, Murmansk Region. The decision was driven by the Company’s green economy policy.

The smelting shop in Nikel was built back in 1942 in an area that was once part of Finland. After World War II, the Soviet Union restored the metallurgical facilities in this area. By 1991, the Nikel smelting shop was one of the largest in the industry. The shop was repeatedly upgraded with the latest production equipment over the period. Upgrades also continued after it became part of Kola MMC in 1998: automated furnace charging, improved ID fan control and other innovations were implemented to reduce harmful emissions.

However, local improvements are no longer enough to ensure compliance with environmental standards.

*In November 2019, the Company decided to shut down the shop.*

**Halving emissions**

The Nikel smelting shop shutdown completely eliminated sulphur dioxide emissions in the Russia–Norway border area.

Large quantities of sulphur dioxide are found in industrial waste, including metallurgical waste. Sulphur dioxide in emissions reacts to form sulphuric acid aerosol, resulting in acid rains. People with respiratory illnesses and ecosystems are particularly vulnerable to this pollution. Sulphur dioxide concentrations are particularly high in the Northern Hemisphere, including Russia and Europe.

After the Nikel shop shutdown, total sulphur dioxide emissions from Kola MMC’s operations decreased by more

than 50% by the end of 2020 (from a 2015 baseline). Emission reduction is expected to reach 85% in 2021.

**People above all**

Care for our people has always been a top priority for us. Employee interests are always considered when any changes are made to the production chain.

Affected employees are offered jobs in other units of the Company or contract termination on comfortable terms, retraining programmes, pension plan, and social guarantees. The Company offers affected employees jobs elsewhere or, if the person does not want to move and wishes, for example, to start their own business, the Company helps them to get started.

This approach helps foster highly skilled talent, maintain long-term relations with top talent and ensure succession across all operations of the Company.

Out of the 660 employees of the closed smelting shop, 72% opted to continue working with Nornickel elsewhere. Most of them have already been provided with jobs, with others to be given jobs in the near future. The Company will spend over RUB 900 million on support and social programmes for the smelting shop employees before the end of 2022.

#### Next step

Being one of the largest employers and tax payers in Russia, Nornickel makes social commitments to develop its operating regions. The Company supports the construction of transport

infrastructure, sports facilities and advanced communication facilities, participates in philanthropic and volunteer programmes, addresses current issues and works for the future.

Nornickel honours its commitments even after an operation shutdown. Thus, the Company contributed to designing the strategy for the development of the Pechengsky District, which includes Nikel, in the Murmansk Region. Nornickel undertook to attract new businesses and social entrepreneurs to this area. As early as in 2020, the Company held a competition to provide RUB 185 million in interest-free loans to 11 winners for their business projects. New businesses are expected to launch in the Pechengsky District in 2021, creating new jobs for local people.

A comprehensive post-closure territory development is another important objective for the Company. The smelting shop building, which are being mothballed now, should remain a functional part of the town, rather than another abandoned piece of property. Nornickel helped to hold a contest for the best project to redevelop the site. The environmentally friendly transformation of the industrial zone with new green production facilities and jobs were among the most important conditions for entries in the contest. The contest was won by a project to create a small-scale metallurgical plant producing grinding balls and long products. Nornickel will help the winner with consultations and discounts for material and equipment procurement and will undertake to purchase a certain share of products.

