

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 CO₂ reduction in the production of battery materials for electric vehicles. Additional CO₂ 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.

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