

CHAIRMAN'S LETTER



The year 2020 has been a difficult year for the global economy as well as for Nornickel. We have learned our lessons from it, and are determined to retain our top place in the global mining industry, whilst focusing on sustainable growth.

Gareth Peter Penny

Chairman of the Board of Directors,
MMC Norilsk Nickel

Fellow Shareholders

As the Chairman of the Board, we would like to highlight that we are specifically focused, for obvious reasons, on ESG issues. The incident at one of our fuel farms in the middle of last year, made a huge impact on our risk assessment system and organisational structure, as we needed to take every step possible to identify root causes of the diesel spill and to promote changes within the Company to ensure that such accidents do not occur again.

At Board level we established an entirely independent Environmental Task Team to review the clean-up operations and a wider range of other environmental matters. The team meets on a regular basis to help management identify the drawbacks in our current corporate culture and internal procedures in order to make the necessary changes in the Company's leadership and to move from a compliance-based to a risk-based organisation.

The conclusion we made during this work is helping us to develop an holistic ESG programme that includes such matters as climate change, water stewardship, support of local communities and indigenous people. What is important is that we are now setting specific targets for this programme with committed budgets.

In order to make the ESG priorities an essential part of the Company's everyday life, we will embed industrial safety and environmental objectives into the management KPI's, starting from 2021.

Our total investment programme through 2030 is estimated at more than USD 27 billion. A significant part of this amount will be used to improve safety and reliability of operations, as well as our environmental footprint. Our Company is investing more than USD 5.5 billion in its environmental program, of which USD 3.6 billion will go into the desulphurisation of the Polar division.

Over USD 4 billion will be invested in the modernisation of the Company's infrastructure aimed at total renewal of over 60% of all energy assets in the next five years. This investment will allow us to progress in three main dimensions: safety, energy efficiency and the reduction of carbon emission. Nornickel is already positioned in the lowest quartile of the carbon intensity curve and is committed to maintain this leadership among metals and mining businesses in the future.

As we look into the future, we clearly see that our metal basket is uniquely geared towards a carbon-neutral world, and the positive impact that we can make is extremely important. Thus, large investments will go into growth projects. As a result, we are going to almost double ore output in the Norilsk region and increase metal production by roughly 30% by 2030.

From myself as the Chairman, through the entire Board and the senior management, everyone is focused on the sustainable development of the Company and we are absolutely determined to get it right. We look forward to delivering on our ambitious plans and to assure a continuity in value creation for our shareholders.