

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, addressed 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.

