BIODIVERSITY

In 2020, the Company developed its Biodiversity Strategy and set an ambitious goal to care about nature reserves and protect biodiversity across its operating regions.

Target: strengthen biodiversity programmes.

Key next steps: remediate biodiversity following recent environmental incidents, launch regular monitoring of impacts on biodiversity and continue support of nature reserves.

COOPERATION WITH NATURE RESERVES

In the Murmansk Region, the Pasvik and the Lapland nature reserves are 10 to 15 km away from Kola MMC's production sites. In the Krasnoyarsk Region, the boundaries of the Putoransky Reserve buffer zone are at a distance of between 80 km and 100 km from the Polar Division's production sites.

To help protect the unique arctic nature, the Company has been providing support to nature reserves for more than 10 years now, with its total annual value running into hundreds of millions of roubles. These efforts are in line with Nornickel's environmental strategy, which incorporates a large-scale investment programme.

In the Zabaykalsky Region, the Company supports the development of research capabilities and environmental awareness programmes of the Relict Oaks State Nature Reserve.

ENVIRONMENTAL INCIDENT

On 29 May 2020, an accidental damage to a diesel fuel storage tank caused by a sinking of piles and depressurisation of the emergency fuel storage tank at CHPP-3 in the Kayerkan District of the city of Norilsk resulted in a spill of 21 thousand tonnes of diesel fuel. Since CHPP-3 is located in a remote area, the city was not impacted by the spill. The Company immediately initiated a response to the fuel spill, completing the first and second phases of clean-up by end-2020:

- Over 90% of spilled fuel was collected
- River shores were treated with sorbents and washed off
- The collected water/fuel mixture was transported to an industrial site near Nadezhda Metallurgical Plant where fuel was separated from water
- About 190 thousand tonnes of contaminated soil was collected, removed and placed in special storage facilities pending disposal

Following the incident, a number of independent studies were carried out to identify its causes and impact on the environment and local communities, in particular:

- a technical investigation by Environmental Resources Management Limited (ERM) at the request of Nornickel's Board of Directors. The investigation resulted in a report assessing the causes of the incident
- The Great Norilsk Expedition of the Siberian branch of the Russian Academy of Sciences (RAS) comprised of 30 scientists from 14 RAS research institutes. The objective of the Great Norilsk Expedition was to study the environment, biodiversity and permafrost in the Norilsk area, as well as to assess the consequences of the fuel spill. A report on the expedition's findings was published
- an ethnographic expedition that included interviews with 100 representatives of indigenous peoples of the North living in Taimyr to assess the impact of the fuel spill incident on indigenous peoples of the North, as well as to prepare proposals for a new long-term agreement between Nornickel and indigenous peoples of the North.

THE INVESTIGATION RESULTED IN

THE EXPEDITION'S FINDINGS WAS PUBLISHED

Immediately after the incident, the Company launched a dedicated programme to improve industrial safety and minimise the risk of similar incidents in the future, which included:

- emergency inspection of fuel storage facilities
- phasing out "at risk" fuel storage facilities
- designing alternative fuel storages
- accelerating the infrastructure repair and upgrade programme, including the fuel and energy complex
- updating the permafrost monitoring system
- developing a monitoring system for foundations built on permafrost
- updating the environmental risk assessment system: controls, procedures, maps
- upgrading fuel storage embanking
- upgrading emergency response plans and response services.

At the end of 2020, the Company signed a contract with Hydrotechnologies – Siberia engaging it to clean up contaminated soil using microbiological remediation. Special bacteria that oxidise oil will be introduced into the soil. Rehabilitated soil will be suitable for industrial and construction use.

Nornickel plans to completely eliminate the consequences of the fuel spill. Throughout 2021–2022, remediation and environmental clean-up efforts will continue, a programme to monitor water bodies and soils and a plan to restore contaminated land and shoreline will be developed, separated water will be disposed of, and contaminated soil will be remediated.

Specifically, the following initiatives are planned for 2021:

- Installation of protective and sorbent barriers in water bodies before the snow melts
- Monitoring the contaminated area to determine the volume of residual contamination and using probes to check the level of contamination
- Restoring the shoreline
- Treating residual soil contamination with sorbents
- Collecting diesel fuel residues
- Soil remediation
- Soil replacement in severely damaged areas
- Planting vegetation to restore damaged soil

On 12 February 2021, the Krasnoyarsk Region Arbitration Court ruled that the Company should pay environmental damages in the amount of RUB 146.2 billion (approximately USD 1.9 billion). Upon thorough consideration of the court ruling and assessment of the prospects for an appeal, Nornickel decided to pay the damages. The Company made a provision for the damages in its 2020 financial statements; the damages were paid in March 2021.

CLEAN-UP PROGRAMME

Our clean-up programme and efforts to address historical pollution (including the demolition of abandoned buildings and scrap collection and recycling) are two other extremely important priorities under the Environmental strategy.

Our objective is to clean up unused facilities:

- 467 abandoned buildings and structures
- > 1.3 mln t of industrial waste
- > 2 mln t of rubbish
- > 600 kt of scrap

Planned activities:

- Collecting and disposing of stainless steel and other metal scrap
- Recycling scrap
- Disassembling buildings and disposing of waste
- Cleaning up the territory.