

ENVIRONMENTAL PROTECTION AND CLIMATE CHANGE

IMPROVEMENT OF SUSTAINABILITY-RELATED CORPORATE GOVERNANCE

During the year, Nornickel focused on strengthening its corporate governance to improve sustainability performance. The Environmental Task Team was set up at the Board level, chaired by Gareth Penny, the independent Chairman of the Board of Directors, and is comprised solely of independent directors. The new team was set up primarily in response to the Board of Directors' desire to pay closer attention to sustainability in general, and environment in particular.

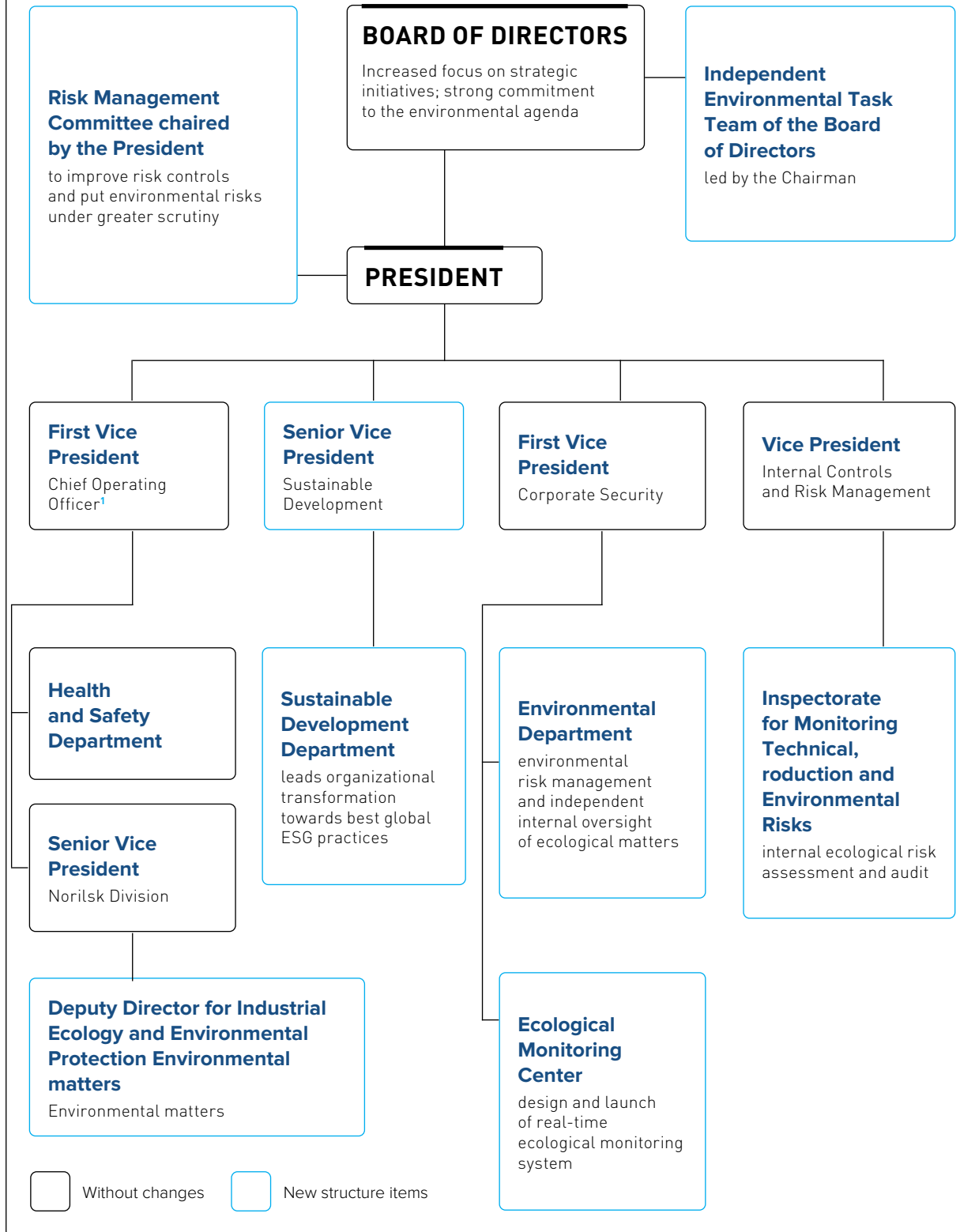
Significant organisational changes were made at the management level within the Company. Thus, to improve the efficiency of risk management and supplement the existing system of industry committees, was set up a new Risk Committee headed by the President of the Company. The creation of the Committee marks the completion of a vertical risk management structure fully penetrating the Company from the level of blue-collar workers to its President, Management Board and Board of Directors.

The Ecology Department and the Inspectorate for Monitoring Technical, Production and Environmental Risks were also established in 2020 to enable more efficient management of the risks of negative environmental impact, and enhance environment-related industrial safety. We set up the Ecological Monitoring Centre which will create an ecology monitoring system in line with best practices. The Ecology Department cooperates with all units across the Company, being responsible for implementing the strategy aimed at assessing environmental risks and minimising the Company's adverse environmental impacts, as well as restoring ecosystems in Nornickel's regions of operation.

Last year, a new position of Senior Vice President for Sustainable Development was created (filled by Andrei Bougrov), and the Sustainable Development Department was set up. The key tasks of the new department are to improve sustainability performance and coordinate the Company's units in order to bring internal processes and regulations in line with the best international standards, such as ICMM and IRMA. Senior Vice President for Sustainable Development will focus on relationships with all stakeholders and support the Environmental Task Team of the Board of Directors.

In 2021, senior management's KPIs will include the Zero Environmental Incidents indicator with a weight of 20% (of team KPIs) to ensure a clear link between the implementation of the Company's environmental strategic priorities and the level of remuneration.

UPDATED STRUCTURE OF CORPORATE GOVERNANCE IN THE FIELD OF SUSTAINABLE DEVELOPMENT AND THE ENVIRONMENT






¹ On 1 March 2021, the position of First Vice President – Operations Director was removed from the Company’s organisational structure, with Senior Vice President of the Norilsk Division now reporting directly to the Company’s President, while the Health and Safety Department became part of the Strategy, Strategic Projects, Logistics and Procurement function.

ENVIRONMENTAL STRATEGY

In 2020, the Company completed the development of its Holistic Environmental Strategy in key areas: air, water, land, tailings and waste, biodiversity, and climate change. All six areas of the Strategy follow a single logic in developing a set of initiatives designed to achieve the respective goals.

Nornickel focused on developing modern, efficient, environmentally friendly production with strategic priorities including sustainable development and unlocking the Company's potential in the medium and long term, taking into account the expanded environmental and climate agenda. The key element of the environmentally friendly growth strategy remains the Sulphur Programme 2.0, which implies dramatic reduction of sulphur dioxide emissions in the Norilsk industrial region and complete elimination of emissions along the Russian border on the Kola Peninsula. The expansion of environmental initiatives aimed at reducing negative environmental impact and mitigating production risks covers water resources (maintaining recycled water ratio and reducing industrial effluent pollution), tailings and waste (ensuring safe operation of tailings facilities and minimising the environmental impact of mineral and non-mineral waste), rehabilitating legacy damage (waste collection and land reclamation), and restoring biodiversity. The Climate Change Strategy is primarily aimed at mitigating physical climate-related risks, improving energy efficiency, and ensuring the long-term competitiveness of products by maintaining the GHG emission intensity index in the bottom quartile of global metals and mining industry GHG intensity curve.

HOLISTIC ENVIRONMENTAL STRATEGY






| <h3>CLIMATE CHANGE</h3>  | <h3>AIR</h3>  | <h3>WATER</h3>  | | | |
|---|---|--|---|---|--|
| <div data-bbox="215 563 279 627" style="float: left; margin-right: 10px;"> </div> <h3>STRONG PERFORMANCE</h3> <p>NN vs. Peer avg.¹</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; padding: 10px; vertical-align: top;"> <p>-38% Absolute emissions, Scope 1+2, Mt CO₂e.</p> <p>-138x Absolute emissions, Scope 3, Mt CO₂e²</p> <p>1.0x Renewable electricity share³, %</p> </td> <td style="width: 33%; padding: 10px; vertical-align: top;"> <p>-80% NOx emissions, K tonnes</p> <p>-65% Solids / Dust, tonnes</p> </td> <td style="width: 33%; padding: 10px; vertical-align: top;"> <p>-51% Total water withdrawal, M m³</p> <p>-14% Total water discharge, M m³</p> <p>1.5x Water recycled and reused ratio, %</p> </td> </tr> </table> | | | <p>-38% Absolute emissions, Scope 1+2, Mt CO₂e.</p> <p>-138x Absolute emissions, Scope 3, Mt CO₂e²</p> <p>1.0x Renewable electricity share³, %</p> | <p>-80% NOx emissions, K tonnes</p> <p>-65% Solids / Dust, tonnes</p> | <p>-51% Total water withdrawal, M m³</p> <p>-14% Total water discharge, M m³</p> <p>1.5x Water recycled and reused ratio, %</p> |
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¹ Peers include Anglo America , BHP Billiton, Vale, Rio Tinto, Freeport where public data is available;

² Incl. only downstream part of the supply chain;

³ Of total electricity;

⁴ Great Norilsk Expedition

| <div style="text-align: center;">TAILINGS & WASTE</div> <div style="text-align: center; margin-top: 20px;"></div> | <div style="text-align: center;">LAND</div> <div style="text-align: center; margin-top: 20px;"></div> | <div style="text-align: center;">BIODIVERSITY</div> <div style="text-align: center; margin-top: 20px;"></div> |
|--|---|--|
| <div style="display: flex; align-items: center;"> <div style="margin-right: 10px;"></div> <div> <p>STRONG PERFORMANCE</p> <p>NN vs. Peer avg.¹</p> </div> </div> | | |
| <p>-138x</p> <p>Non-mineral waste recycled and reused ratio, %</p> | <p>-80%</p> <p>Total land disturbed, K hectares</p> | <p>Legacy focus:</p> <ul style="list-style-type: none"> ▪ Supporting of several nature reserves (Taimyrsky, Putoransky, Pasvik, Laplandsky and other Nature Reserves) ▪ Protection of rare animal species and support of the reproduction of aquatic bioresources |
| <div style="display: flex; align-items: center;"> <div style="margin-right: 10px;"></div> <div> <p>TARGETS</p> </div> </div> | | |
| <p>MAINTAIN SAFE OPERATION OF TAILINGS FACILITIES AND MINIMIZE ENVIRONMENTAL IMPACT OF MINERAL AND NON-MINERAL WASTE</p> <p>Key next steps: <i>Build mass balance model for waste management and prepare for the self-assessment under Global Tailings Standard</i></p> | <p>REHABILITATE LEGACY DAMAGE AND UPGRADE MINE AND PLANT CLOSURE PLANS</p> <p>Key next steps: <i>Review asset closure plans in all divisions; follow GNE⁴ recommendations in soil recovery; waste collection and land reclamation at Norilsk area</i></p> | <p>STRENGTHEN BIODIVERSITY PROGRAM</p> <p>Key next steps: <i>Biodiversity remediation following recent environmental incidents, launch regular monitoring of impacts on biodiversity and continue support of nature reserves</i></p> |

ENVIRONMENTAL MANAGEMENT SYSTEM

In 2020, the Environmental Management System¹ (EMS) continued to operate as part of the Corporate Integrated Quality and Environmental Management System (CIMS) providing an opportunity to coordinate environmental and quality initiatives with other initiatives. This approach improves both overall and environmental performance of the Company.

SYSTEM AUDIT

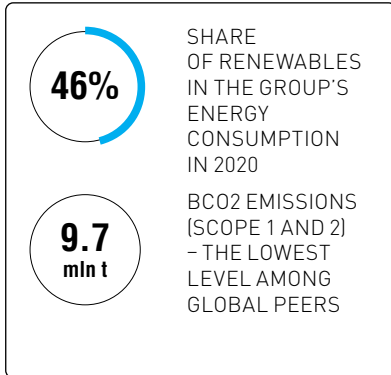
In line with ISO 14001:2015 and ISO 9001:2015, the Company confirms the EMS compliance with the standard by engaging Bureau Veritas Certification (BVC) to conduct surveillance audits once a year and recertification audits every three years. In December 2020, BVC auditors conducted a desk audit of the Corporate Integrated Quality and Environmental Management System and the Environmental Management System of PJSC MMC NORILSK NICKEL as part of a recertification

audit, which confirmed the Company's compliance with ISO 14001:2015 and ISO 9001:2015. The field recertification audit to be conducted at the Company's facilities is scheduled for March–April 2021.

During 2020, Nornickel also conducted internal and corporate audits involving specially trained and competent personnel. As a result, audits were conducted at the following sites of the Company:

- Head Office – 19 audits
- Polar Division – 20 audits
- Polar Transport Division – 38 audits
- Murmansk Transport Division – 3 audits
- Kola MMC – 25 audits

CLIMATE CHANGE



In 2020, GHG emission targets to 2030 were set and a physical risk assessment was conducted.

In 2020, the Company implemented the following climate change initiatives:

- Made its first disclosures on GHG emissions and water discharges via the Carbon Disclosure Project questionnaire
- Disclosed its Scope 3 GHG emissions
- Set long-term climate change targets (until 2030)
- Assessed climate risks for the Company's product portfolio
- Started developing a monitoring system for buildings and structures located in permafrost areas and other initiatives to minimise the physical risks related to climate change.

TARGETS TO 2030:

- Maintain GHG emissions (Scope 1 and 2) in absolute terms not higher than 10 mln t CO₂ equivalent from operations with a 30–40% increase in metal production (compared to 2017)
- Maintain GHG emissions (Scope 1 and 2) per tonne of Ni equivalent in the bottom quartile of the global GHG intensity curve for the nickel industry²
- Strive to increase low-carbon energy usage
- Manage climate-related risks by building resilience strategies and helping communities in the Norilsk industrial region and Murmansk region
- Encourage the shift to a low carbon future by using R&D to help develop new solutions and by engaging in cross-industry climate dialogue

STRATEGY HIGHLIGHTS:

- Adoption of a programme to assess physical risks related to climate change and large site monitoring
- Implementation of energy efficiency initiatives and increased consumption of low-carbon energy
- Reduction of CO₂ emissions

Nornickel's Board of Directors considers the Company's climate change strategy as a matter of priority and is responsible for its review and approval.

¹ Based on the global GHG intensity curve for the nickel industry by Wood MacKenzie Group (CO₂ per tonne of Ni equivalent).