2017

NORNICKEL

NORILSK NICKEL GROUP'S **2017** SUSTAINABILITY REPORT

The 2017 Sustainability Report of Norilsk Nickel Group (the “Report”) conforms to the GRI Sustainability Reporting Standards (the “GRI Standards”), Comprehensive option, and is a report on the progress of compliance with the United Nations (UN) Global Compact principles that discloses the Company's policy towards achieving the UN Sustainable Development Goals up to 2030.

APPROVED 102-32
by the Board of Directors
of MMC Norilsk Nickel
[Minutes No. *GMK/22-pr-bd* of 18 June 2018]

APPROVED
by the Management Board
of MMC Norilsk Nickel
[Minutes No. *GMK/14-pr-mb* of 23 May 2018]

APPROVED
the Audit and Sustainable Development Committee the Board of Directors
[Minutes No. *10* of 13 June 2018]

In producing the Report, the following documents were also used: GRI Mining and Metals Sector Supplement, Guidance on Social Responsibility ISO 26000:2010, Reference Performance Indicators of Russian Union of Industrialists and Entrepreneurs.

The Company has been publishing annual non-financial reports since 2003.

The 2017 Report covers activities of the Norilsk Nickel Group, including MMC Norilsk Nickel and entities in the corporate structure.

Information provided herein was collected via the corporate reporting framework and special information requests in line with the GRI requirements and with regard to the materiality analysis results. The Report does not contain any changes in the wording or updates of the data for previous years, has been prepared by a dedicated working group and supervised by the Social Policy Department. The Report has been also approved by MMC Norilsk Nickel's Management Board and Board of Directors.

102-48 102-49 102-50 102-54

Other sources of information about the Norilsk Nickel Group:

- corporate website **https://www.nornickel.com**
- annual reports at AR **https://www.nornickel.com/investors/reports-and-results/**
- extended interactive version of the 2017 Sustainability Report at **http://csr2017.nornik.ru/en**
- ESG Databook **https://www.nornickel.com/investors/esg/**

NORNICKEL

THE NEW NORNICKEL

NORNICKEL SUPPORTS

UN GLOBAL COMPACT AND SUSTAINABLE DEVELOPMENT GOALS

Contents

1 STATEMENT OF THE PRESIDENT AND CHAIRMAN OF THE MANAGEMENT BOARD **04**

2 HIGHLIGHTS **08**

3 ABOUT THE NORILSK NICKEL GROUP **10**

4 STRATEGY **16**

5 MANAGEMENT **28**

6 COMPILANCE WITH THE UN GLOBAL COMPACT **60**

6.1 HUMAN RIGHTS **62**

6.2 LABOR RELATIONS **67**

6.3 ENVIRONMENT **84**

6.4 ANTI-CORRUPTION **100**

7 REGIONAL DEVELOPMENT **104**

8 APPENDICES **120**

9 CONTACTS **148**

Biodiversity conservation 98

Arctic development 64

Sulphur Project 20

High-speed internet connection in Norilsk 110

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Statement of the President and Chairman of the Management Board

Vladimir Potanin
President, Chairman of the Management Board
MMC Norilsk Nickel:

The past year of 2017 was successful for Nornickel. The Company contributed new achievements to its history.

The upgrade of production assets went hand in hand with the processes of real development of mining, concentration and metallurgical operations. Growth of capacities and advances in technology have been intertwined with solving environmental issues more closely than ever, as we see ourselves not just as an industry leader, but also as a forward-looking company that cares about the world around us.

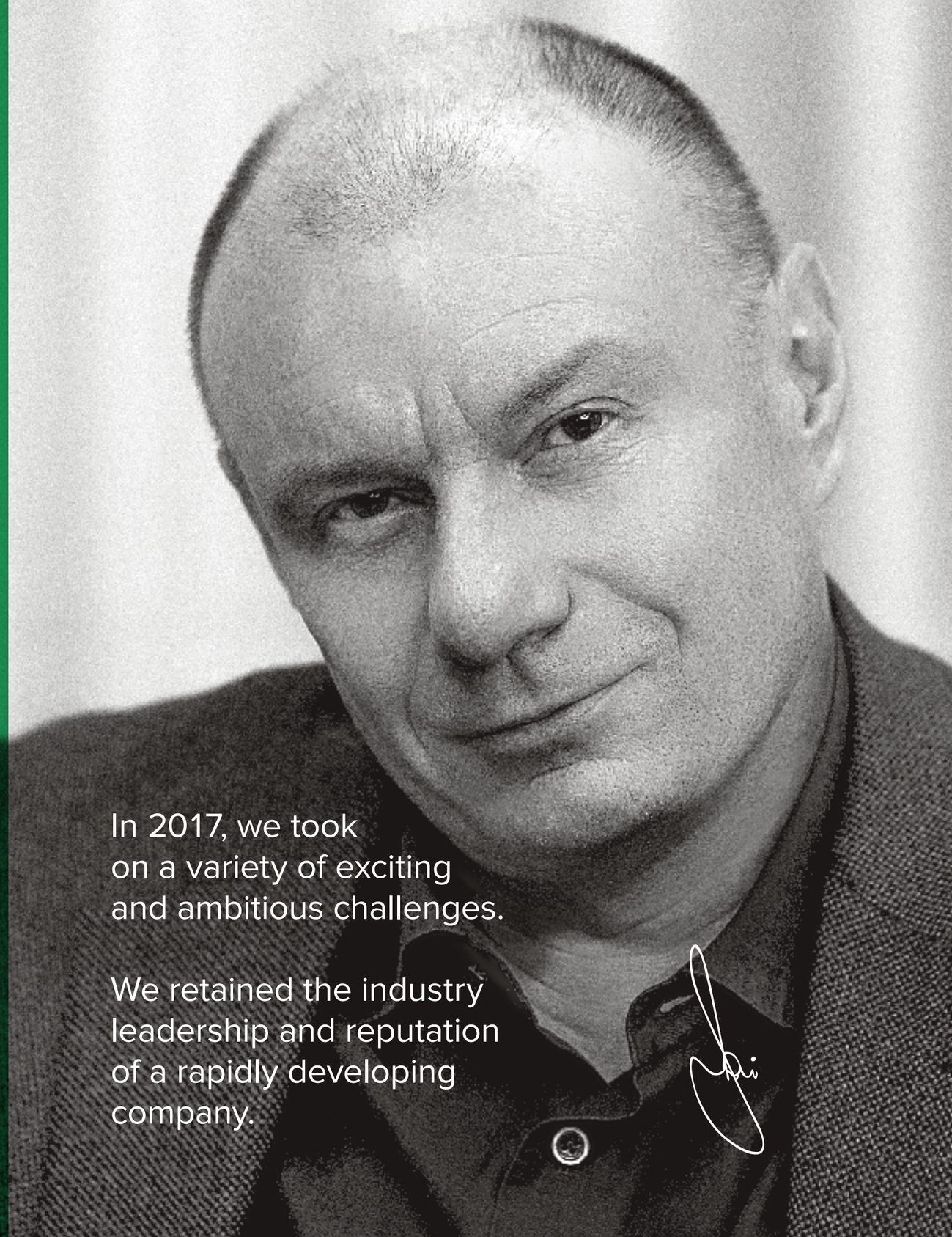
In December 2017, the tank-house of Kola MMC saw the launch of Stage 1 of new electrolysis cells. The new highly efficient electrowinning technology that will phase out smelting of nickel anodes is set to significantly reduce sulphur dioxide and dust emissions into the atmosphere, minimise metal losses and improve the product quality. Earlier, the Company has put into operation a disposal facility for salt effluent from nickel refining, which will nearly halt the discharge of untreated waters at Monchegorsk site. In summer 2017, the Company launched the Sulphur Project, Nornickel's largest ever environmental initiative to minimise aggregate sulphur dioxide emissions in Polar Division. We will build installations for capturing sulphur-rich gases at Nadezhda Metallurgical Plant in order to produce sulphuric acid and neutralise it afterwards. Concurrently, we will be upgrading sulphur dioxide capturing facilities at Copper Plant.

At our site in Zapolyarny, after introducing the innovative separation of high and low grade concentrates, we will be able to solve the problem of emissions in the neighbouring area by almost halving them. Once again, this proves that since joining the UN Global Compact in 2016, not by words alone, but rather by the efforts it makes, the Company has demonstrated its commitment to supporting the Ten Principles of the UN Global Compact in the areas of human rights, labour, environment and anti-corruption. Importantly, we take this cooperation with the UN as an opportunity to adopt the best global practices, as well as to share our own experience with others. Also, the sustainability principles are an integral component of the Company's long-term strategy.

I am confident that we will stick to this approach in developing our business going forward. I would also like to draw your attention to the key production events. On 31 October 2017, Bystrinsky GOK – one of the most environmentally friendly facilities in the industry – was brought on-stream. The first concentration line, fed with ore from two open pits of the Bystrinskoye Field under development, moved on to the pre-commissioning stage. Once fully ramped-up, it will bring 10 mt of ore, up to 70 kt of copper, 250 koz of gold in concentrates, and 2.9 mt of magnetite concentrate per year to the Company. Our top priority is still the social sphere. The Company has traditionally supported the highest level of its social programmes, and strictly complied with all the provisions of the Collective Bargaining Agreement. We keep financing the relocation of residents from Norilsk and Taimyr to regions with a more comfortable environment and running in-house My Home and Our Home programmes to aid employees in purchasing apartments. Recreation of our employees and their children and their relevant travelling expenses were also to a considerable degree financed by the Company. We consider this as a solid contribution to sustaining effective production, attractive working conditions and daily life.

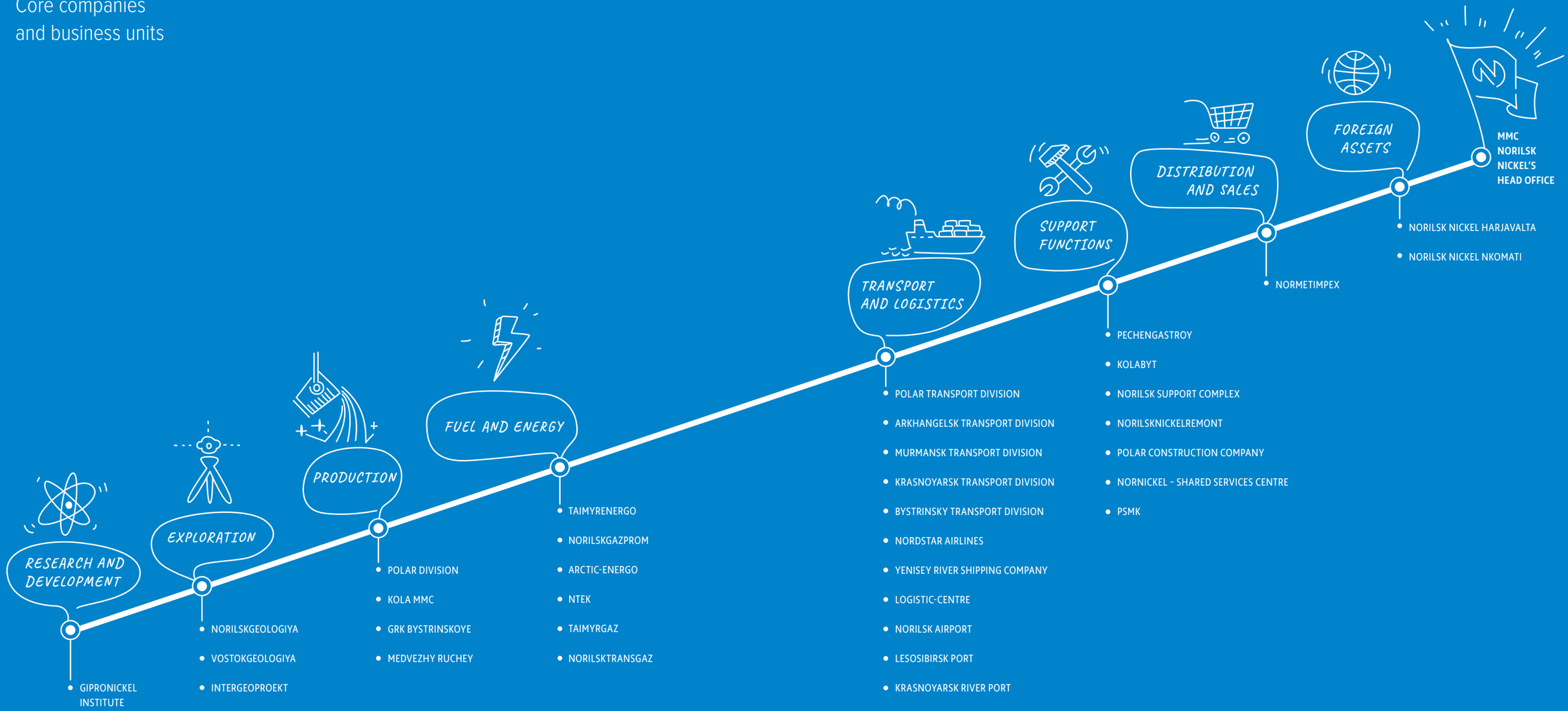
We made much effort last year to develop the territories where our employees live and work. The Company connected Norilsk to broadband internet, and is currently testing service lines to bring reliability to the highest level. We invested billions of roubles primarily to make sure that life in Norilsk, beyond the Arctic Circle, is the same as in other cities around the world, and that people have more opportunities for development and growth. The salary that the Company pays in time, remains among the highest industry-wide and exceeds RUB 104,000. Nornickel retains its leadership in Russia in terms of social responsibility, as a business that makes extraordinary and successful decisions in developing the territories of its operation and improving the quality of life for its people. Located in three regions of Russia, our assets make major contributions to local budgets and participate in the country's economic and social programmes. That is why partnership with authorities and rapid progress towards transparency and dialogue with public entities are essential for us. The Company continues to actively develop programmes supporting charity and volunteering, creates new jobs and runs major projects in the field of culture, education, development of mass sports and the Olympic movement.

We are proud of the progress we made in the area of health and safety. In 2017, tough management decisions helped almost halve the number of fatalities at the industrial sites of Nornickel. Despite the robust downward trend in figures, the management team is closely monitoring the situation and doing its best to deliver on the target number one – zero injuries. In 2017, we took on a variety of exciting and ambitious challenges. We retained the industry leadership and reputation of a rapidly developing company. The professionalism of all Nornickel's employees was the key driving force behind that. One can fully unlock one's professional potential only in an environment of social responsibility in line with corporate values lying at the heart of a company. 102-14



NORILSK NICKEL GROUP

Core companies and business units



HIGHLIGHTS

Environment 102-7

Total pollutant emissions, kt

2013	2,097.0
2014	2,008.3
2015	2,063.5
2016	1,936.4
2017	1,846.8

Environmental protection expenditures and investments, RUB bn

2013	18.1
2014	19.4
2015	23.6
2016	25.7
2017	26.8

Labour 102-8

Group's average headcount, '000 FTIs

2013	85.0
2014	81.9
2015	83.6
2016	82.0
2017	79.0

FIFR

2013	0.10
2014	0.07
2015	0.12
2016	0.11
2017	0.06

LTIFR

2013	0.80
2014	0.48
2015	0.61
2016	0.33
2017	0.43

Occupational health and safety expenses per employee, RUB '000

2013	51
2014	95
2015	134
2016	106
2017	114

Average salary, RUB '000

2013	75.3
2014	75.4
2015	84.9
2016	94.2
2017	104.1

Development of local communities

Tax and non-tax payments to budgets of various levels[1], RUB bn

2013	72.3
2014	79.2
2015	88.7
2016	91.5
2017	100.3

Community investments and charity[2], RUB bn

2013	3.6
2014	2.7
2015	7.0
2016	7.4
2017	17.7

[1] Tax and non-tax payments include all taxes paid, net of VAT and dividend income tax, as well as insurance payments and customs duties.
[2] In accordance with the IFRS financial statements, net of social CAPEX.

Economic efficiency

Revenue, RUB bn

2013	366.2
2014	456.0
2015	506.1
2016	548.6
2017	536.8

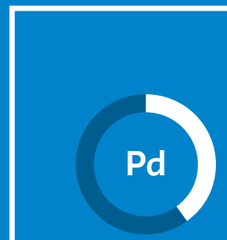
EBITDA, RUB bn

2013	133.6
2014	218.2
2015	247.3
2016	257.3
2017	236.4

Net profit, RUB bn

2013	23.5
2014	93.4
2015	104.0
2016	167.4
2017	127.4

The Company's position in the industry



No. 1
palladium producer
(market share — 40%)

No. 1
high grade nickel producer
(market share — 22%)

No. 4
producer of platinum
(market share — 11%)

No. 4
rhodium producer
(market share — 9%)

No. 5
cobalt producer
(market share — 5%)

No. 13
copper producer
(market share — 2%)

About the Norilsk Nickel Group

Overview 102-1 102-2

The Norilsk Nickel Group is Russia's leading metals and mining company, the world's largest producer of palladium and nickel, and one of the biggest platinum producers. On top of that, the Group produces copper, cobalt, rhodium, silver, gold, iridium, ruthenium, selenium, tellurium, and sulphur.

In 2017, the Company accounted for **0.6**% of Russia's GDP, **2.4**% of the national industrial output, **9.9**% of metals production, and **2.2**% of Russia's exports.

For the purposes of the 2017 Sustainability Report, the Norilsk Nickel Group shall refer to MMC Norilsk Nickel and the entirety of operations forming the Norilsk Nickel Group.

Unless otherwise specified or required by the context, the terms "Company", "Group", "Nornickel" or "the Group companies" shall mean the Norilsk Nickel Group.

Quantitative indicators for certain areas of sustainable development pertain to the Group's specific operations in accordance with Appendix 2 hereto.

Assets 102-4 102-10

Production units of the Group are located in three countries — Russia, Finland and South Africa.

Its core businesses are based in Russia and have a vertically integrated structure.

Three main production sites in Russia are:

- Polar Division of MMC Norilsk Nickel ("Polar Division");
- Kola Mining and Metallurgical Company ("Kola MMC");
- Bystrinsky Mining and Processing Plant pilot launched in 2017 ("Bystrinsky GOK").

The Company's Polar Division is located on the Taimyr Peninsula (Krasnoyarsk Territory) beyond the Arctic Circle. It is linked to other regions by inland waterways (the Yenisey River), marine transport (the Northern Sea Route) and air transport.

Kola MMC is located on the Kola Peninsula beyond the Arctic Circle. It is the leading industrial facility of the Murmansk Region and is completely integrated into the transport infrastructure of the Northwestern Federal District.

Bystrinsky GOK is located in the Gazimuro-Zavodsky District of the Trans-Baikal Territory and is linked to other regions by rail.

In Finland, Norilsk Nickel operates Norilsk Nickel Harjavalta (part of the Group), the country's only nickel refining plant.

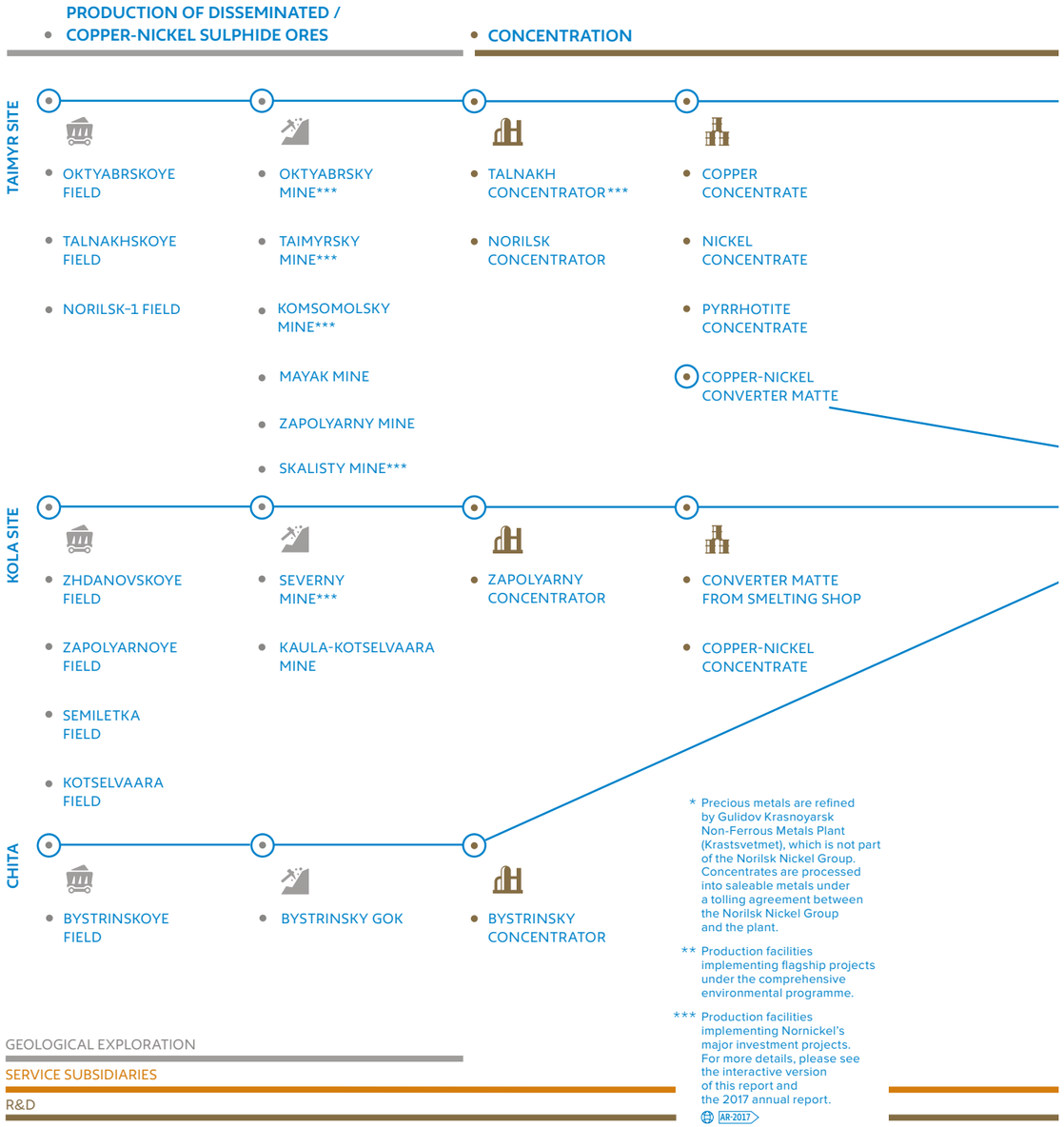
In South Africa, the Company owns 50% of Nkomati, a nickel mine developed jointly with African Rainbow Minerals.

MMC Norilsk Nickel runs a global network of representative and sales offices in Russia, UK, China, USA, and Switzerland.

In addition to geology, energy, logistics, and support businesses, the Group comprises Gipronickel Institute, an R&D facility based in St Petersburg with branches in Norilsk and Monchegorsk. In total, the Group counts over 80 companies.

NORILSK NICKEL GROUP

Production chart

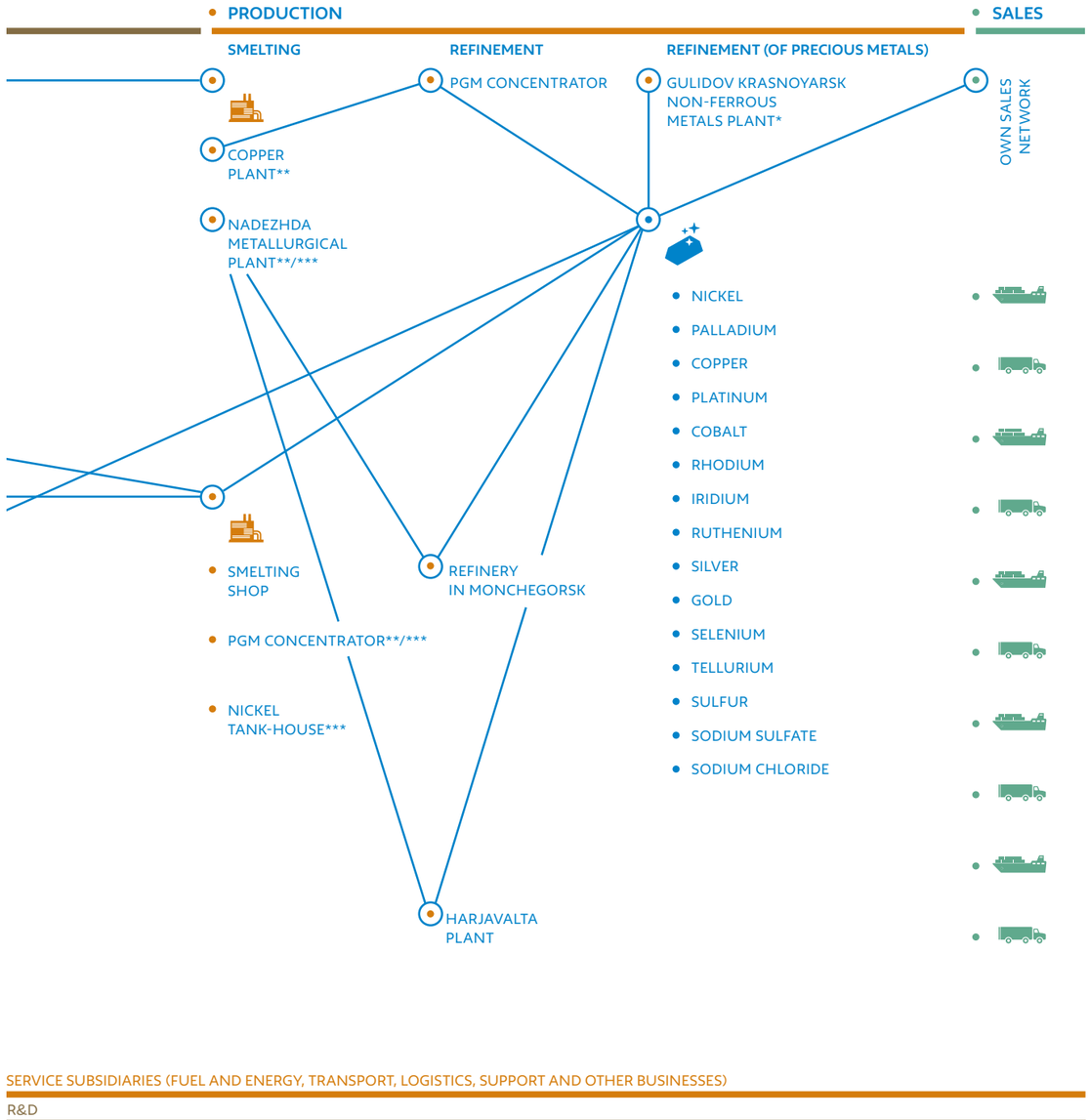


* Precious metals are refined by Gulidov Krasnoyarsk Non-Ferrous Metals Plant (Krastsvetmet), which is not part of the Norilsk Nickel Group. Concentrates are processed into saleable metals under a tolling agreement between the Norilsk Nickel Group and the plant.

** Production facilities implementing flagship projects under the comprehensive environmental programme.

*** Production facilities implementing Nornickel's major investment projects. For more details, please see the interactive version of this report and the 2017 annual report.

AR-2017



KEY SOCIAL AND ENVIRONMENTAL PROJECTS

4 Strategy

18 Context

22 Mission and values

22 Corporate strategy

26 Sustainable development goals

Context

Sustainable development is today's most significant challenge and priority. Russian and international communities pay close attention to implementing comprehensive and well-balanced solutions in the area of sustainable development, and the respective role of businesses. These trends exist globally (UN initiatives, tightening of environmental legislation all over the world), locally and individually (responsible consumption), as well as in various industries, from traditional (agriculture and mining) to breakthrough ones (medicine, biotech, etc.). A special focus here should be placed on developing responsible financing.

As a company with more than 80 years of history and a strong social and environmental commitment, Nornickel strives to keep abreast of the current global agenda for sustainable development. By accumulating substantial production, financial, human, and intellectual resources, the Company makes significant contribution to achieving sustainable development goals.

Russia and other nations have come up with a number of initiatives set to join forces of responsible companies in delivering on the said goals. These initiative enjoy active support from Nornickel, which became one of the first Russian companies to sign up, in 2005, to the Social Charter of the of the Russian Business adopted by the Russian Union of Industrialists and Entrepreneurs (RSPP). In response to requests from the community, investors and shareholders, the Company holds dedicated sustainable development meetings and consistently increases disclosures on its respective strategy, policies, performance and plans. In 2016, the Company joined the UN Global Compact, which marked the transition to a new strategic development cycle. We support the UN 2030 Agenda for Sustainable Development signed by Russia, and the relevant sustainable development goals.

NORNICKEL'S IMPACT ON SUSTAINABLE DEVELOPMENT

Management

- Business ethics
- Contribution to research and development
- Corporate governance quality
- Corporate security
- Legal compliance
- Product quality management
- Participation in drafting regulations
- Financial and economic efficiency

UN Global Compact

- Respect of human rights
- Labour relations
  - Employee incentivisation
  - Health and safety
  - Professional and cultural development of employees
  - Development of talents in regions of operation
  - Social and working conditions
- Environment
  - Water consumption
  - Air emissions
  - Use of renewable energy sources
  - Use of resource-saving technology
  - Provision of metals to sunrise industries (Li-ion batteries, electric motors, medicine, hydrogen fuel cells)
  - Waste disposal
  - Wastewater treatment
  - Energy efficiency
- Preventing and combating corruption

Development of local communities

- Contribution to regional economic development
- Development of local communities
- Infrastructure development
- Transport accessibility

Nornickel's support of sustainability and CSR initiatives and standards 102-12 102-13

STANDARD/INITIATIVE	NORNICKEL'S SUPPORT
UN and the International Labour Organisation conventions	Declaring support and aligning by-laws accordingly
UN Global Compact	Official support
The Association "National Global Compact Network" (Russia)	Member
UN Sustainable Development Goals up to 2030	Declaring support and aligning governance practices accordingly
ISO 14001:2004/2015	Compliance of MMC Norilsk Nickel, Gipronickel Institute, Kola MMC, and Norilsk Nickel Harjavalta management systems with the standards
ISO 14001:2004/2015	
OHSAS 18001:2007	Compliance of MMC Norilsk Nickel and Norilsk Nickel Harjavalta management systems with the standard
ISO 26000:2010	Declaring support, reporting
GOST R ISO 26000–2012	Declaring support, reporting
International Platinum Group Metals Association	Member
International Information Security Research Consortium	Member
Nickel Institute	Member. Since 2017, Nornickel's Head of Marketing has been chairing the Institute's Board of Directors.
World Wildlife Fund (WWF)	Ranking among the leading environmentally responsible mining companies in Russia according to the WWF
FTSE4Good Index	Inclusion in the FTSE4Good Emerging Index
Sustainalytics	Assignment of independent ESG ratings
MSCI	
RSPP Social Charter of the Russian Business	Member and signatory
RSPP Anti-Corruption Charter of the Russian Business	Member and signatory
RSPP sustainability indices (Responsibility and Transparency, and Sustainable Development Vector)	Ranking among the leaders (2014, 2015, 2016, 2017)
RSPP Committee on Corporate Social Responsibility and Demographic Policy	Member
Environmental Charter of the Krasnoyarsk Territory	Signatory
GRI Standards Pioneers	Programme participant
GRI GOLD Community	Organisational member

SULPHUR PROJECT

In 2017, the Company selected the technology to implement the Sulphur Project, its key environmental initiative.

Following its completion in 2023, Polar Division expects to significantly reduce its sulphur dioxide emissions that currently account for around 98% of total atmospheric emissions in Norilsk. Nadezhda Metallurgical Plant will construct a facility to produce and neutralise sulphuric acid using natural limestone, with gypsum obtained as a by-product. Copper Plant will launch additional elemental sulphur capacities. Investments in the Sulphur Project are estimated at up to RUB 150 bn.

Mission and values 102-16

The Company focuses on developing a universal group-wide corporate culture shared by all employees in which mutual respect, trust and openness are of central importance. The corporate culture seeks to ensure effective implementation of the Company's strategy based on sustainable development principles.

Our mission

Through the efficient use of natural resources and equity, we supply mankind with non-ferrous metals, which make the world a more reliable place to live and help people realise their aspirations for development and technological progress.

Corporate strategy

Approved in 2013, the Company's new corporate strategy primarily aims to unlock the potential of the Taimyr and Kola Peninsulas' resource base, improve operating efficiency and raise the quality of investment and capital management.

In line with our new strategy, we prioritise projects with a good safety buffer in terms of performance, securing robust returns on investments and located in the high-potential regions where the Company has a competitive edge. By focusing on the development of its Tier-1 assets, the Company will be able to make better use of the existing infrastructure and fully unlock its geological and technological potential to deliver the highest margins and fulfil its obligations in the area of sustainable development.

In 2017, Nornickel completed the first stage of the production chain upgrade and development and implemented key projects approved as part of its corporate strategy launched in 2013. The effects include:

- reduction of atmospheric emissions from the sources of the shut down Nickel Plant by some 370 ktpa;
- infrastructure upgrades (renovation of worn out gas transportation, heat and hydropower facilities, reconstruction of critical logistic infrastructure);
- pilot launch of Bystrinsky GOK with a 10 mtpa capacity.

In late 2017, the Company presented its updated strategic priorities for the next five years.

In line with those, Nornickel will be running a unique programme to improve environmental conditions in Russia and commence a new investment cycle to secure sustainable development and build a platform for future growth. It will also continue generating long-term value for its shareholders.

In 2017, the Company selected the technology to implement the Sulphur Project, its key environmental initiative. Following its completion in 2023, Polar Division expects to significantly reduce its sulphur dioxide emissions that currently account for around 98% of total atmospheric emissions in Norilsk.

Nadezhda Metallurgical Plant will construct a facility to produce and neutralise sulphuric acid using natural limestone, with gypsum obtained as a by-product. Copper Plant will launch additional elemental sulphur capacities.

Investments in the Sulphur Project are estimated at up to RUB 150 bn.

In 2017, Sustainalytics upgraded Nornickel's score to 58 against 49 in 2016; as a result, the Company moved up from the last year's 56th to the 35th position in the ESG rating of global metals and mining companies.

2013–2017: STRATEGIC FOCUS ON DEVELOPING OUR ASSETS IN RUSSIA

NORNICKEL'S CORPORATE VALUES

In 2017, Sustainalytics upgraded Nornickel's score to 58 against 49 in 2016; as a result, the Company moved up from the last year's 56th to the 35th position in the ESG rating of global metals and mining companies.

Sustainable development goals 103-2

FOCUS AREA	2030 SDGS[1]	STRATEGIC GOALS	KEY RESULTS IN 2017
Human rights	1, 2, 16, 17	• No violations of human rights across the Company's operations	• No complaints related to human rights violations • The Indigenous Rights Policy developed
Anti-corruption	16, 17	• Efficient corruption-related risk management	• No confirmed incidents of corruption • 99.8% of employees informed about the Group's existing anti-corruption policy and methods
Contribution to the professional and cultural development of employees	4, 5	• Stabilisation of the employee churn rate • Full compliance with staff training laws • High-quality training of employees • Improved performance of the corporate training centres	• Employee churn rate reduced to 10.3% • Number of trained employees up by 36% • Start of developing online training courses in cooperation with in-house experts • Interactive health and safety courses developed • Corporate training centres assessed
Development of talents in the Company's regions of operation	4, 5	• Recruitment of highly skilled employees, including those from the skills shortage list • Effective support to local vocational training institutions • Provision of career guidance	• All internship positions at production facilities filled • 713 of school children and students invited for internship positions in the Norilsk Industrial District • 460 students invited for internship positions as part of the Career Start-Up programme • The Company's programme to promote engineering and blue-collar jobs, provide guidance for school graduates to plan future careers at Nornickel fully implemented
Incentives and motivation	5, 8	• Individual and team performance improvements • Staff incentivisation to achieve the best results • Employee attraction and retention • Building the talent pool	• 93% of jobs covered by the grading framework • The talent pool management system introduced at three of the Group's facilities • Social programmes successfully implemented across the involved facilities
Health and safety	3	• Achieving zero work-related fatalities	• Number of fatal accidents reduced from 13 in 2016 to 7 in 2017
Social and working standards at the Company's production sites	3	• Creating favourable social and working conditions for the Company employees	• Overhauls of 31 social facilities completed, 19 relocatable buildings purchased
Environment	13	• Gradual reduction of air pollutant emissions	• Air pollutant emissions reduced by 4.6%
	6	• Consistent reduction of wastewater discharges into water bodies	• The wastewater volume treated to standard quality at treatment facilities up by 16.7%
	12	• Development of waste disposal sites to reduce man-made impact on the environment	• The first stage of Talnakh Concentrator's tailings pit designed to store ca. 31 mt of mineral waste in an environmentally safe way, commissioned
	15	• Biodiversity conservation across regions of operation	• Support to research and educational projects at the Pasvik, Lapland, Putoransky and Relict Oaks Nature Reserves • Over 316,000 Siberian sturgeon fingerlings and 235,000 salmon fingerlings released into the Yenisey River and the Umba River (Murmansk Region) • The Biodiversity Policy developed
	12	• Environmental management compliance with ISO 14001	• Transition of MMC Norilsk Nickel's environmental management system to ISO 14001:2015 completed • Surveillance and certification audits passed
	14	• Prevention of pollution during sea transportation and vessel operation	• No significant impact from the Company's transport operations • No spills
Energy efficiency	7	• Reliable and high-quality power supply to production sites and local communities • Reduction of energy costs	• Hydroelectric unit No. 7 at the Ust-Khantayskaya HPP launched
Development of local communities	4, 8—11, 16, 17	• Maintaining social stability at the Company's facilities and in regions of operation • Improved quality of life across the Company's regions of operation	• Tax and non-tax payments increased by 9.6% to RUB 100.3 bn. • Social, charitable and social infrastructure expenses increased by 21.5% to RUB 28.7 bn • High-speed internet brought to Norilsk
Financial and economic efficiency	8, 9	• Ensuring financial and economic efficiency for sustainable development	• Target unit cost achieved
Corporate governance and business ethics	16, 17	• Compliance with the best practices in corporate governance and business ethics to improve the Company's investment case, efficiency and competitiveness	• A number of corporate policies (anti-corruption, human rights, local community relations, working conditions, etc.) approved
Compliance with the applicable legislation, including environmental, labour and tax laws	16	• Minimisation of breaches of law	• Group company fines reduced by 11% • Antitrust compliance system rolled out • The procedure of reporting legal risks to the Head Office by the Group's units and companies developed
Product quality management	12	• Certification of the quality management system under ISO 9001:2015	• Re-certification and surveillance audits passed

[1] Sustainable Development Goals up to 2030 set by the United Nations.

5 Management

30 Sustainability management

- **30** Corporate governance
- **33** Operational sustainability management
- **36** Remuneration
- **37** Risk management framework
- **38** Corporate security

38 Economic efficiency

40 Stakeholder engagement

- **40** Stakeholders and interaction mechanisms
- **40** Dialogue with shareholders and investors
- **42** Dialogue with employees
- **43** Dialogue with authorities, communities and non-profit organisations
- **47** Environmental dialogue
- **47** Dialogue in public non-financial reporting

48 Supply chain management

- **48** Supply
- **53** Product quality and supply reliabilit
- **55** Dialogue with business partners

58 Transparency

Sustainability management

Key sustainability by-laws 102-26

STANDARD/INITIATIVE	NORNICKEL
Safety	• Health and Safety Strategy* • Occupational Health and Safety Policy • MMC Norilsk Nickel's Social and Working Conditions Standard • Corporate health and safety standards
Environment	• Environmental Policy* • Biodiversity Policy* • Environmental Impact Assessment Policy* • Renewable Energy Sources Policy*
Society	• Business Ethics Code* • Human Rights Policy* • Freedom of Association Policy* • Indigenous Rights Policy* • Local Community Relations Policy* • Equal Opportunities Programme* • Working Conditions Policy* • Anti-Corruption Policy* • Quality Policy* • Information Policy Regulation* • Charity Regulation • Policy Regarding Support for Small and Medium Enterprises*

* Approved by the Board of Directors.

Responsible investment

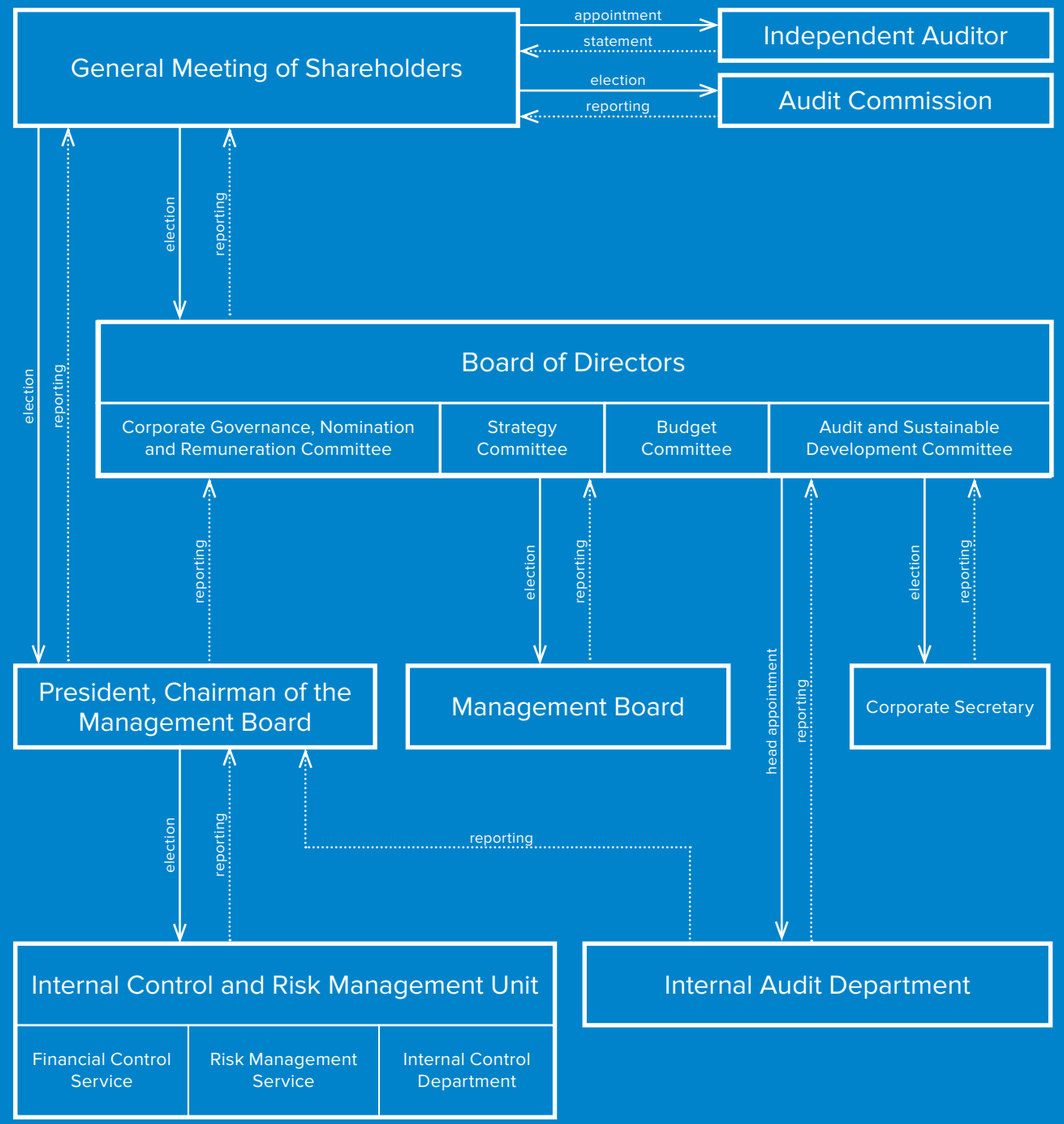
In recent years, the sustainable development agenda has been gaining ground, with an increasing number of investors and asset managers focusing on responsible investment. In 2017, the Company held around 20 target meetings with investors concerning environmental protection, social responsibility and corporate governance (ESG). Most questions from the investors related to harmful emissions, environmental projects, use of renewable energy sources, respect for the rights of employees and indigenous minorities in the regions of operation, etc.

ESG Strategy is a new section on Nornickel's corporate website https://www.nornickel.com/investors/esg/ aimed to provide investors with key information on environmental management, social policy and corporate governance. The section features a databook with historical data on over 150 ESG indicators starting from 2010.

Corporate governance

The Company continuously improves its corporate governance framework to enhance efficiency and ensure compliance with the best global practices. The Company follows recommendations set out in the Corporate Governance Code approved by the Bank of Russia.

GOVERNANCE STRUCTURE 102-18 102-20



The key by-laws on corporate governance are available on MMC Norilsk Nickel's website https://www.nornickel.com/ in the Investors sections[1]:

- Regulations on the General Meeting of Shareholders of MMC Norilsk Nickel;
- Regulations on the Board of Directors of MMC Norilsk Nickel
- Code of Conduct and Ethics for Members of Board of Directors of MMC Norilsk Nickel;
- Professional Development Policy for Members of Board of Directors of MMC Norilsk Nickel;
- Performance Evaluation Policy for Board of Directors of MMC Norilsk Nickel;
- Policy on Development and Approval of Vote Recommendations on Candidates Nominated to the Board of Directors of MMC Norilsk Nickel;
- Remuneration Policy for Members of the Board of Directors at MMC Norilsk Nickel;
- Regulations on the Management Board of MMC Norilsk Nickel;
- Regulations on the Committees of the Board of Directors of MMC Norilsk Nickel, and others. 102-27 102-28 102-35 102-36

Pursuant to MMC Norilsk Nickel's Charter, its governance bodies are:

- the General Meeting of Shareholders, the Company's supreme governance body;
- the Board of Directors, which is in charge of overseeing the Company's business, with the exception of matters that fall within the scope of the General Meeting of Shareholders, as specified in the Federal Law On Joint Stock Companies and the Company's Charter;
- the Management Board and the President that represent the collegial and sole executive bodies of the Company, respectively, and manage its daily operations. 102-21

The following committees of the Board of Directors continued their work in the reporting period: Audit and Sustainable Development Committee, Strategy Committee, Budget Committee, and the Corporate Governance, Nomination and Remuneration Committee.

In overseeing the Company's management, financial and business affairs, the Board of Directors may instruct the managers on individual matters and monitor implementation of resolutions and tasks. Authorised executives are vested with powers and responsibilities to address economic, environmental and social issues and may delegate their powers to other employees based on their competences and functions. 102-19 102-29 102-31 102-33 102-34

The Board of Directors meets as and when required, but at least once every six weeks. In 2017, the Board of Directors met on a quarterly basis to review the Company's financial results, strategy implementation progress, the management's HSE reports, and operational performance reports. In 2017, the Board of Directors of MMC Norilsk Nickel considered 199 matters, including 96 deal approvals, 79 corporate governance matters, 9 economic and financial matters, 4 social and environmental matters, and 11 other matters.

The President and the Management Board are the sole and collegial executive bodies of the Company, respectively. In the reporting period, the position of the Company's sole executive body, the President, was held by Vladimir Potanin. He also performed the functions of the Chairman of the Company's Management Board. As of end of 2017, Vladimir Potanin has held the position of the President (CEO before 2015) for 5 years and 13 days. AR-2017

102-25

COMMITTEES OF THE BOARD OF DIRECTORS	NUMBER OF MEMBERS	CHAIRMAN		MEMBERS		NUMBER OF MEETINGS
		INDEPENDENT	NON-EXECUTIVE	INDEPENDENT	NON-EXECUTIVE	
Audit and Sustainable Development Committee	5	+	+	60%	40%	15
Strategy Committee	5		+	60%	40%	10
Budget Committee	5		+	40%	60%	5
Corporate Governance, Nomination and Remuneration Committee	5	+	+	60%	40%	10

[1] https//:www.nornickel.com/investors/disclosure/corporate-documents/.

Operational sustainability management

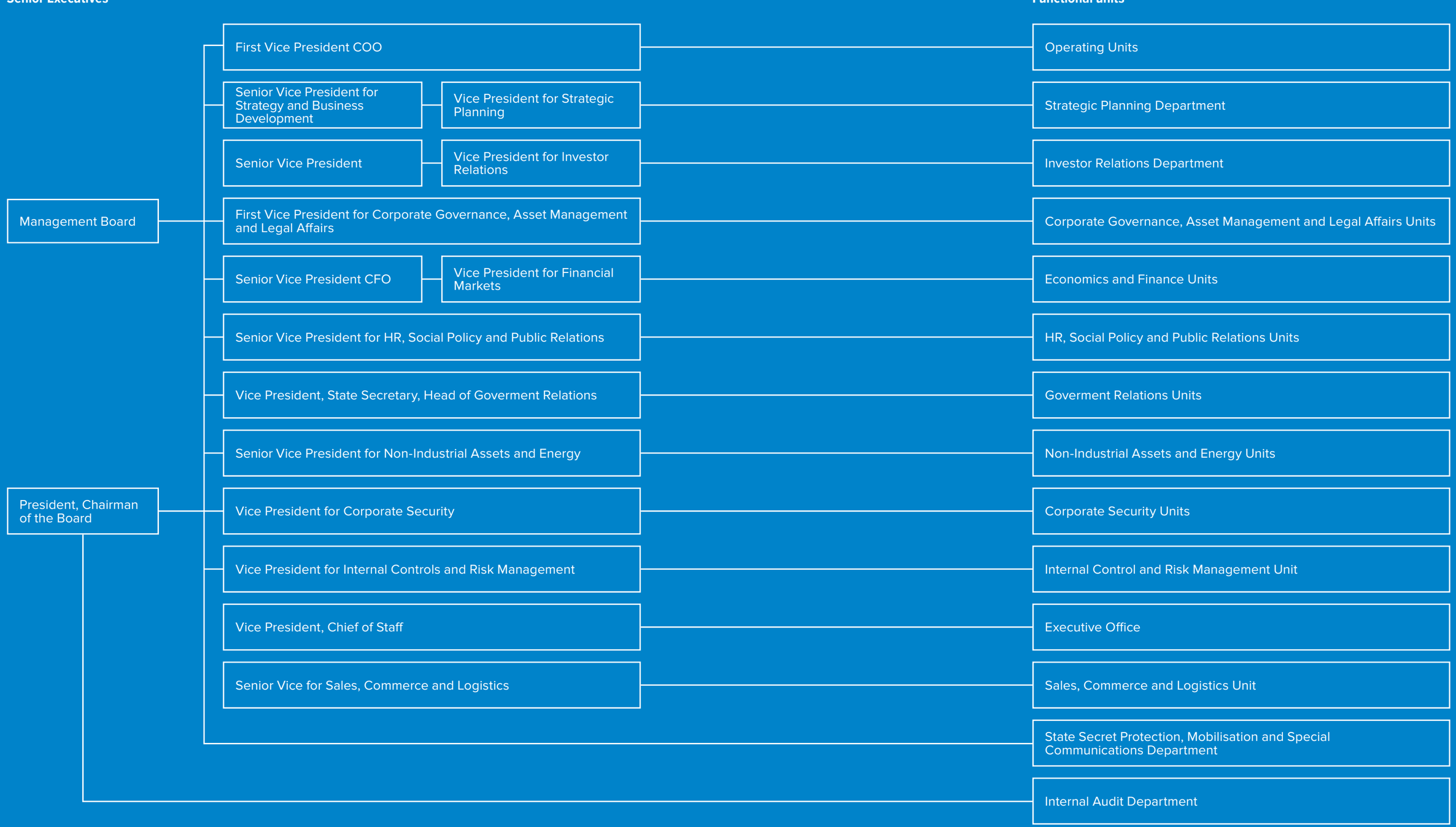
The management and executive bodies of MMC Norilsk Nickel and the Group companies are in charge of developing and implementing the policy for various aspects of the Group's sustainable development, within the scope of their functions and in accordance with the legislation and internal regulations[1].

All executive efforts are coordinated by the Management Board, the President and the following executive committees: the Budget Committee under the Management Board, the Charity Committee, the Health, Safety and Environment Committee, the Investment Committee, the Corporate Governance, Nomination and Remuneration Committee, and the Tender Committee.

The Company has put in place the Corporate Integrated Quality and Environmental Management System (CIMS). 102-35 102-36 102-37

COMPANY	COMPLIANCE OF THE MANAGEMENT SYSTEM WITH INTERNATIONAL STANDARDS	EXTERNAL AUDITS IN 2017	CERTIFICATION BODY	CERTIFICATION AREA
MMC Norilsk Nickel	ISO 9001:2015, ISO 14001:2015	Recertification audit	Bureau Veritas Certification (BVC)	Production, project management, storage, delivery, including by sea, and sales (nickel, copper, cobalt, precious materials, sulphur, selenium, tellurium)
Kola MMC	ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007	Surveillance audit	Bureau Veritas Certification (BVC)	Mining and processing of ore, production of nickel, copper, cobalt, their compounds, precious metal concentrates, sulphuric acid
Gipronickel Institute	ISO 9001:2015	Second surveillance audit	Societe Generale de Surveillance (SGS)	R&D, design, engineering and environmental activities, project management in mining, concentration and smelting; development of standards for non-ferrous metal industry products and their inspection methods; development of reference standards for the composition of non-ferrous metal industry products
Norilsk Nickel Harjavalta	ISO 9001:2008, ISO 14001:2004 OHSAS 18001:2007	Surveillance audit	DQS GmbH (DQS&UL)	Manufacturing of nickel and cobalt products

NORNICKEL'S OPERATIONAL MANAGEMENT 102-18 102-20



Remuneration

Remuneration payable to members of the governance bodies

The Board of Directors' annual remuneration is set out in the Remuneration Policy for Members of the Board of Directors approved by the Annual General Meeting of Shareholders on 6 June 2014 and available on the Company's corporate website[1].

As per the Remuneration Policy, the Company pays the following remuneration to non-executive directors:

- base remuneration of USD 120,000 for the Board membership;
- additional remuneration of USD 50,000 for membership in a committee of the Board of Directors;
- additional remuneration of USD 150,000 for chairing a committee of the Board
- reimbursement of expenses incurred by directors in discharge of their duties.

The Annual General Meeting of Shareholders for 2017 established remuneration for the Chairman of the Board of Directors, an independent director, in the amount of USD 1,000,000 per year, paid in equal instalments on a quarterly basis in roubles at the exchange rate of the Bank of Russia on the last business day of the reporting quarter[2].

According to the Company's Charter, decisions on remuneration and reimbursement amounts payable to the members of the Company's Management Board are reserved to the Board of Directors. The Company does not engage external consultants on remuneration matters. Remuneration of the Management Board members is linked to the Company's performance, including financial and non-financial metrics. 103-3

Remuneration amounts payable to the members of the Management Board and to the President are set forth in their employment contracts approved by the Board of Directors.

The dismissal policy for top executives does not differ from the one in place for other employees.

The total amount of remuneration paid to the members of governance bodies in 2017, including salaries, bonuses, remuneration for membership in the governance body, and reimbursement of expenses, was RUB 5.3 bn (USD 90.1 mln)[3].

Employee performance management system

Performance management

Since 2014, the Company has been running the Employee Performance Management System based on a variety of key performance indicators (KPIs) covering occupational safety, operating efficiency and capital management. The assessment results are used to reward the workforce. The participants can send their feedback to the Company via a dedicated form. 103-3 404-3

In 2017, the KPI-based assessment covered 4,326 employees from the Head Office, branches and Group companies.

The key production sites are implementing an automated SAP HCM-based assessment system.

Competency assessment in 2017

COMPETENCIES	PARTICIPANTS	OUTCOME
Assessment of potential, current performance and development prospects of middle and top managers	Managers from a number of the Group's key operations	81 managers listed as those with a high career growth potential
A 360-degree competency review using an updated model	159 unit heads from the Head Office	Development activities, tools and methods selected for the participants
Assessment of professional competencies for managers in the Power and Mechanics functional units	250 managers	Areas for personal and professional development identified

[1] https://www.nornickel.com/files/en/corporate_documents/constituent_documents/REMUNERATION-POLICY-for-MEMBERS-OF-BOARD-OF-DIRECTORS-.pdf.

[2] This amount is after taxes that are withheld in accordance with the applicable Russian law.

[3] The amount of remuneration is different from the 2017 consolidated IFRS financial statements as it excludes non-cash remuneration (insurance and VHI payments, and annual remuneration liabilities as at 31 December 2017). The remuneration paid to the members of governance bodies in 2017 under IFRS totalled USD 103 mln (RUB 6.0 bn).

Competency management

In 2017, the Company continued developing a corporate competency model and assessment tools. Built around values and management competencies, the updated model is used to assess candidates at the recruitment stage, evaluate employee performance and potential, and add them to talent pool.

In 2017, Nornickel analysed assessment results and benchmarked its employee potential against SHL Russia's database that contained information on 32 Russian and global metals and mining companies.

Risk management framework

The Company continuously manages its risks in all business areas and at all governance levels. Strategic risks are the responsibility of the Company's Board of Directors and senior management, which also manages key operational risks, and other significant operational risks are managed by heads of business units and subunits. Initiatives related to implementing and improving the corporate risk management framework (CRMF) are spearheaded by the Company's Vice President and Head of Internal Controls and Risk Management, and the Risk Management Service. The latter submits its quarterly reports to the Board of Directors' Audit and Sustainable Development Committee for review. 102-30

The Company's approach to risk management is outlined in its Corporate Risk Management Policy, Corporate Risk Management Framework Regulations, Risk Management Regulations, and other by-laws.

The risk management framework relies on the principles and requirements of Russian and international laws and professional standards, including the Corporate Governance Code recommended by the Bank of Russia, ISO 31000 (Risk Management) and COSO ERM (Enterprise Risk Management – Integrated Framework).

Nornickel's key sustainability risks include:

- workplace injury risk;
- information security risk;
- technical and production risk;
- compliance risk;
- risks related to changes in legislation and law enforcement practices;
- risk of power blackouts at production and social facilities in the Norilsk Industrial District (NID);
- social risk;
- risk of insufficient water resources;
- soil thawing risk. 102-15

Risks are managed consistently to reduce and maintain exposure at or below levels approved by the Board of Directors.

Corporate security

Development and implementation of comprehensive corporate security measures across the Group falls under the remit of the Corporate Security Unit, acting in line with the Russian laws, applicable international regulations, internal standards and guidelines.

The corporate security system is structured and managed based on a number of targeted programmes to ensure economic, corporate, information, facility and transportation security along with transparency in procurement and contractor selection.

Nornickel is actively engaged in public-private partnerships to maintain high security levels and enhance social stability at its facilities in the regions of operation.

In 2017, Moscow State Institute of International Relations (MGIMO) opened Russia's first corporate security department sponsored by Nornickel. The department will provide training in economic, corporate, information, facility and internal security and promote international cooperation in that field.

CORPORATE SECURITY FOCUS AREAS

- Ensuring safety and integrity of the Company's property
- Preventing embezzlement and illicit trafficking of precious metals
- Ensuring information security across the Company
- Ensuring confidentiality and protection of personal information, promoting compliance with personal data protection laws
- Ensuring observance of human and civil rights and freedoms
- Providing for anti-terrorism and anti-sabotage security of the Group's critical infrastructures
- Monitoring contractors' compliance with the Russian laws
- Preventing corruption and ensuring HR security
- Ensuring compliance with over 30 laws and regulations of the Russian Federation in the realm of combating terrorism and extremism, transport security, etc.
- Setting up analytical situation centres with a focus on security
- Implementing drug prevention and awareness raising initiatives
- Participating in shaping the security agenda in Russia and globally

8 DECENT WORK AND ECONOMIC GROWTH

Economic efficiency

Nornickel's strategy focuses on generating long-term shareholder value and ensuring sustainable development. Economic efficiency is essential for the Company to meet its strategic goals and deliver on its commitments to shareholders, employees, local communities and other stakeholders. 103-2

In 2017, Nornickel's CAPEX went up by 17% to USD 2 bn. The Company completed several major projects, that boosted the output of all the key metals from own feedstock by 7–15% compared to 2016. Talnakh Concentrator reached its target operating rates after the upgrade; the processing capacities at Nadezhda Metallurgical Plant were ramped up, and the refining facilities at Kola MMC were expanded. One of Russia's largest mining projects over the last decades, Bystrinsky GOK in the Trans-Baikal Territory, moved to the pre-commissioning phase. The Company also continued to invest in advanced information technologies.

Nornickel's consolidated revenue increased by 11% reaching USD 9.1 bn, driven by growth in production volumes and recovery of the non-ferrous and platinum group metals prices. EBITDA came in at USD 4 bn, while EBITDA margin stood at 44%, which is one of the highest levels in the global metals and mining industry.

The Company honoured its commitments, providing timely and full payments to the budgets of all levels. Tax and non-tax payments[1] to budgets at various levels totalled RUB 100.3 bn, increasing by 9.6% y-o-y.

To maintain its industry-leading position, the Company runs programmes seeking to improve efficiency, optimise cost and increase labour productivity. AR-2017

The Company's stable financial position is confirmed by investment grade ratings from Moody's, S&P Global and Fitch.

In 2017, Group companies paid RUB 40.7 m in fines to budgets of various levels. There was a total of 375 improvement notices issued by regulatory authorities (compared to 400 orders in 2016 and 608 orders in 2015), including 18 for environmental impact, 61 for non-compliance with labour, health and safety laws, and 296 on other grounds. 307-1 419-1 103-2

Financial highlights

INDICATOR	2013	2014	2015	2016	2017
Revenue, RUB bn	366.2	456.0	506.1	548.6	536.8
Gross profit, RUB bn	159.0	238.0	277.0	270.8	268.6
EBITDA, RUB bn	133.6	218.2	247.3	257.3	236.4
EBITDA margin, %	37	48	50	47	44
Net profit, RUB bn	23.5	93.4	104.0	167.4	127.4
Dividends paid, RUB bn	98.4	159.9	154.2	86.7	176.2
Assets, RUB bn	614.7	739.8	974.5	998.3	958.3
Total CAPEX[2], RUB bn	63.4	49.9	103.3	113.6	116.7

Direct economic value generated and distributed[3] 201-1

INDICATOR, RUB BN	2013	2014	2015	2016	2017
1. Direct economic value generated	367.8	470.8	521.2	554.9	541.0
2. Economic value distributed, including:	414.4	464.9	554.2	512.7	519.0
Operating expenses	169.5	162.0	175.7	194.6	194.1
Community investments and charity[4]	3.6	2.7	7.0	7.4	17.7
Payroll and other employee remuneration and benefits	87.3	87.4	104.5	114.2	120.4
Payments to providers of capital (interest, dividends)	108.3	165.2	222.0	133.4	128.6
Gross tax payments	45.7	47.6	45.0	63.1	58.3
3. Economic value retained (1–2)	(46.5)	5.9	(32.9)	42.2	22.0

[1] Includes all taxes paid, net of VAT and dividend income tax, as well as insurance payments and customs duties.

[2] Includes costs paid in Russia for new construction projects, expansion, retrofit or upgrade of existing facilities, acquisition of machinery and equipment, R&D and other expenses, as well as housing and amenity construction.

[3] Calculated on an accrual basis under the IFRS. The Company used its in-house calculation methodology developed in line with GRI Guidelines.

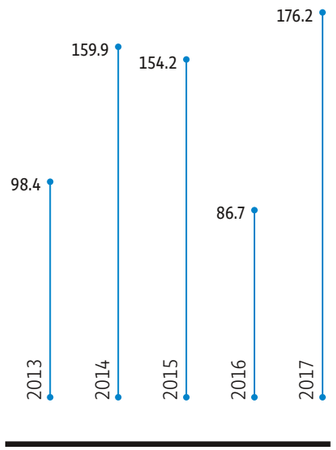
[4] Excluding CAPEX.

Dividend policy

The Company remains among industry leaders in terms of dividend yield.

The decision to pay dividends is made by the General Meeting of Shareholders based on recommendations of the Board of Directors. Under the Company's dividend policy, in determining the recommended dividend amount, the Board of Directors seeks to make sure that annual dividends on the Company's shares account for at least 30% of the Group's consolidated EBITDA.

Dividend payout, RUB bn



Stakeholder engagement

Stakeholders and interaction mechanisms

MMC Norilsk Nickel's key stakeholders are employees, shareholders, investors, business partners, national and local government authorities, local communities, Russian and international non-profit organisations. Nornickel identifies stakeholders based on the extent to which they interact, share interests and communicate with the Company. 102-40 102-42 102-43

Stakeholder engagement principles and procedures are set out in the Business Ethics Code that the Company approved in 2012[1].

The Transparency Policy of MMC Norilsk Nickel aims to provide stakeholders with complete and accurate information about the Company's activities and ensure proper feedback.

Dialogue with shareholders and investors

The authorised capital of MMC Norilsk Nickel is made up of 158,245,476 ordinary shares with an aggregate market value of USD 29.7 bn as at 31 December 2017. The Company's ordinary shares are traded mostly on the Moscow Exchange, while ADRs are traded in the electronic trading system of OTC markets of the London Stock Exchange. 102-5 102-10

In 2017, there were no changes in the shareholding structure. As at the end of 2017, the Company's major shareholders were Olderfrey Holdings Ltd (30.41%), UC Rusal Plc (27.82%) and Crispian Investments Ltd (4.24%), while the remaining shares were free float owned by institutional and private investors from Russia, Europe, Asia, USA, and elsewhere.

MMC Norilsk Nickel takes great care in engaging with its shareholders and investors and provides equal access to significant information in accordance with the Russian laws and best international practices.

In 2017, the Investor Relations Department kept diversifying the shareholder base and attracting new shareholders, organising 387 meetings with institutional investors and an Investor Day in London followed by a road show in Europe and the US.

[1] As at the end of 2017, the work was ongoing to update the Business Ethics Code in line with the Company's strategic goals.

STAKEHOLDERS	KEY INTERESTS OF STAKEHOLDERS	INTERACTION MECHANISMS	KEY INTERACTION EVENTS IN 2017
Personnel			
• Employees of the Company	• Social benefits and guarantees • Favourable working conditions • Decent salaries • Company's stability as an employer	• Joint commissions, committees and working groups • Discussions with trade unions and labour councils • Offices for operating, social and labour matters • Opinion polls • Corporate media, booklets, information screens and boards • Corporate intranet portals	• Leadership is Responsibility corporate forum • Extending the existing collective agreements for some of the Group's key facilities and signing new ones
Shareholders and investors			
• Shareholders and investors • Investment banks (brokers) • Analytical and rating agencies	• Capitalisation growth • Dividend payments • Transparency of information	• Meetings (including one-on-one meetings) and conference calls • Phone calls • Emails • Site visits	• Strategy Day on 20 November 2017 in London • Conference calls and a road show following the disclosure of IFRS financial statements
Business partners			
• Suppliers and contractors • Customers	• Development of tender-based procurement • Corruption prevention • Product quality • Terms of delivery • Contract support • Sustainable growth of sales markets	• Customer satisfaction monitoring • Query and claim management • Meetings, conferences, fairs, exhibitions • Consumption and market growth prospects analysis • Tender-based procurement • Corporate Trust Service • Joint workshops	• Participation in the SFCHINA 2017 industry exhibition • Polar Division, Kola MMC and Norilsk Nickel Harjavalta assessment for compliance with the TfS (Together for Sustainability) initiative • Signing memoranda of cooperation for major investment projects with leading industrial companies in the Krasnoyarsk Territory
Federal authorities			
• Russian Federation Council • Russian State Duma • Russian Government • Federal ministries, agencies and services • Russian Trilateral Commission on the Regulation of Social and Labour Relations	• Regulatory improvement in different areas • Environmental impact regulation • Support for domestic producers • Stability in taxes • Social stability support across the Company's geographies	• Working and expert groups, commissions and committees • Public events • Permits and licenses • Intergovernmental commissions	• Honouring commitments as part of the Year of Environment in Russia

STAKEHOLDERS	KEY INTERESTS OF STAKEHOLDERS	INTERACTION MECHANISMS	KEY INTERACTION EVENTS IN 2017
Regional government authorities and local communities			
• Regional government authorities • Local authorities • Territorial offices of federal government agencies • State-run educational institutions in the Company's regions of operation • Local communities and civil society organisations across the Company's footprint	• Stability in taxes • Environmental protection • Social stability support across the Company's geographies • Support for domestic producers	• Working and expert groups, commissions, committees and councils • Cooperation agreements • Development plans for the Company's regions of operation • Corporate and partnership programmes and projects • Forums, conferences, fairs, and round table discussions • Joint inspections, drills and training exercise	• Signing of the social and economic partnership agreement between MMC Norilsk Nickel and the Government of the Trans-Baikal Territory • Launch of Bystrinsky GOK • Bringing high-speed internet connection to Norilsk
Russian and international non-profit organisations			
• Business associations • Industry unions • Non-profit organisations • Russian and international sports organisations	• Information exchange • Removal of administrative barriers • Support for domestic producers • Stability in taxes • Environmental protection and industrial ecology	• Joint projects • Events (meetings, round table discussions, conferences and competitions) • Membership in governing bodies and committees • Opinions, proposals, requests	• Nornickel's reelection as chair of the IPA Security Committee for the fifth time • Reelection of Nornickel's Head of Marketing as chair of the International Nickel Institute • Initiating the development of the Information Security Charter for Critical Industrial Facilities

Dialogue with employees

Social partnership framework

Nornickel's companies run a social partnership framework aimed at reconciling interests of employees and employers on matters pertaining to the regulation of social and labour relations. The Company performs its obligations in compliance with the Labour Code of the Russian Federation, collective bargaining agreements, and joint resolutions. It has put in place the Freedom of Association Policy approved by the Board of Directors. 102-41 103-2 103-3

In regulating labour relations, employee interests are represented by social and labour councils and trade union organisations. The Company has also set up collective decision-making bodies representing the employer, employees and trade unions, including collective bargaining commissions, labour dispute commissions, social benefits commissions/committees, social insurance commissions, health and safety commissions/committees, social and labour relations committees, etc.

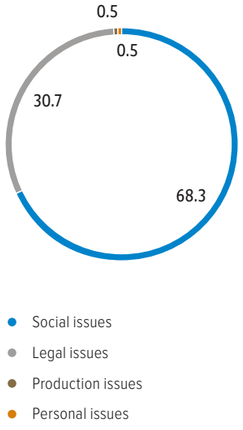
Trade Union of MMC Norilsk Nickel Employees, an interregional public organisation that includes territorial trade unions and trade unions of the Group companies, represents the Group's employee interests on a national level. The trade unions of transport and logistics divisions are members of the Yenisey Basin Trade Union of Water Transport Workers (Krasnoyarsk, Russia).

All Group's major facilities located in the Norilsk Industrial District and Murmansk Region have put in place social and labour councils that represent the employees who are not trade union members.

The Group companies have signed 17 collective bargaining agreements covering 80% of the Group's average headcount. As at the end of 2017, 10.9% of the Group's total headcount were members of trade unions, while 82% had joined social and labour councils.

The absence of strikes and lockouts involving the Company's employees highlights the effectiveness of interactions and Nornickel's social policy, in general.

Queries by topic in 2017, % 102-42 102-44



Employee engagement survey

In 2017, the Norilsk Nickel Group launched a series of activities to manage employee engagement. The engagement programme is underway to monitor changes in corporate culture and assess its positive influence on operating results.

Nornickel runs a corporate employee engagement survey named "Let Everyone Be Heard. What Do You Think?». In 2017, it involved more than 73,000 employees from 32 Company units.

Offices for operating, social and labour relations

Handling of queries and complaints is key to the transparent and effective dialogue with employees and local communities. In addition to the Corporate Trust Service, the Company launched offices for operating, social and labour relations back in 2003. They are primarily tasked with response to employee queries, control of their processing, and prompt resolving of conflicts. On a monthly basis, the offices monitor the staff's social status. In 2017, the Group's units in the Norilsk Industrial District ran 24 offices that received over 54,000 queries and requests mostly from employees (77%), former employees (22%) and local communities (1%).

Dialogue with authorities, communities and non-profit organisations 103-2

The Norilsk Nickel Group's guiding principles in cooperating with government bodies, local authorities and non-profit organisations are strict compliance with Russian laws, regional and municipal regulations and the social responsibility principle, collaboration, and mutual respect of interests.

In 2017, MMC Norilsk Nickel approved the Local Community Relations Policy aimed at maintaining a favourable social climate and comfortable living environment across the Company's footprint.

Following the information transparency principle, Nornickel initiated an open dialogue with local authorities to build constructive and effective cooperation. In December 2017, Elena Bezdenezhnykh, Vice President / State Secretary, Head of Government Relations at MMC Norilsk Nickel, spoke in front of the Legislative Assembly of the Krasnoyarsk Territory for the third time, presenting the Company's preliminary results for 2017 and plans for 2018. This year, we expect to roll out this initiative into other regions of operation[1].

[1] On 26 January 2018 and 14 February 2018, Elena Bezdenezhnykh spoke at the extended meeting of the Murmansk Region Governor's Economic Council and the extended meeting of the Legislative Assembly Council of the Trans-Baikal Territory.

In 2017, Moscow State Institute of International Relations (MGIMO) opened Russia's first corporate security department sponsored by Nornickel.

The department will provide training in economic, corporate, information, facility and internal security and promote international cooperation in that field.

The Company is represented in 23 committees, commissions, expert and working groups established by governmental bodies in association with the business community, thus supporting socially important projects. Representatives of the Company take part in parliamentary sessions and round table discussions organised by the Federation Council and State Duma of the Federal Assembly of the Russian Federation, Government of the Russian Federation, Russian Union of Industrialists and Entrepreneurs, Chamber of Commerce and Industry of the Russian Federation, Association of Managers interregional public organisation, etc.

In 2017, six Nornickel's companies joined the Transport Security Association.

By participating in expert and working groups, commissions and public councils established by regional and local authorities, the Company expresses its interests and gets involved in solving social and economic issues across its geographies.

Nornickel is an active participant of conferences, forums and business events on a variety of topics involving policymakers and government officials, and drafts hands-on proposals to optimise and develop the legal framework.

Over the past year, the Company backed the following international and domestic conferences and forums: International Forum "The Arctic: Territory of Dialogue" (Arkhangelsk, Russia, official partner), Krasnoyarsk Economic Forum (Krasnoyarsk, Russia, general partner), Nevsky International Ecological Congress (St Petersburg, Russia, partner), St Petersburg International Economic Forum (St Petersburg, partner), Eastern Economic Forum (Vladivostok, Russia, business programme partner), ECOTECH International Exhibition and Forum (Moscow, Russia, official partner), and Murmansk International Business Week (Murmansk, Russia, partner).

Also, the Company took part in organising celebrations of the 350th anniversary of Dudinka and the 80th anniversary of Monchegorsk.

Cooperation agreements

In 2017, Nornickel signed a number of agreements with regional and local authorities as well as major Russian companies. The agreements covered a wide range of social and economic issues, including infrastructure projects.

PARTNERS	SUBJECT OF AGREEMENT
Government of the Trans-Baikal Territory	• Social and economic cooperation agreement under which the Company shall provide at least RUB 3.29 bn to finance social projects of the regional and local authorities until 2027 • Cooperation agreement to develop the Relict Oaks State Reserve of regional significance
Administration of the Taimyrsky Dolgano-Nenetsky Municipal District (Krasnoyarsk Territory), Yenisey United Bank	• Cooperation agreement to construct, purchase, upgrade and develop infrastructure and housing (Comfortable Taimyr project)
Governor of the Krasnoyarsk Territory	• Cooperation agreement to develop education in metals and mining across the Krasnoyarsk Territory
Government of the Murmansk Region	• Cooperation agreement as part of the Year of Environment and the Year of Specially Protected Natural Areas
Acting Governor of the Krasnoyarsk Territory, SUEK/SGC Group, EN+ GROUP Plc	• Memorandum of cooperation for major investment projects in the Krasnoyarsk Territory
Krasnoyarsk Administration	• Cooperation agreement to improve the urban environment and territories near the entertainment park Bobrovy Log, the venue of the 29th Winter Universiade 2019
Ministry of Sports of the Krasnoyarsk Territory, Siberian Federal University	• Cooperation agreement to develop regional sports and fitness and build a unique golf field in Krasnoyarsk

Relocation programme

Since 2011, the Company has been contributing to a long-term targeted federal programme to relocate people living in Norilsk and Dudinka to other Russian regions with favourable climate conditions.

The programme envisages relocation, over the span of 10 years, of over 11,000 families. The Company participates in the programme as a benefactor, with its donation totalling RUB 8.3 bn. Since the launch of the programme, the Company has contributed a total of RUB 6,161 bn to the Krasnoyarsk Territory budget, including RUB 0.83 bn in 2017.

During 2011–2017, 6,515 families purchased apartments and moved to regions with favourable climate conditions[1].

Environmental dialogue

Measures for reducing MMC Norilsk Nickel's environmental footprint are constantly on the agenda of the Company and stakeholders. All internal and public events feature environmental discussions.

In 2017, Nornickel took part in the initiatives timed to the Year of Environment and the Year of Specially Protected Natural Areas in Russia, and continued interaction with its stakeholders in traditional ways:

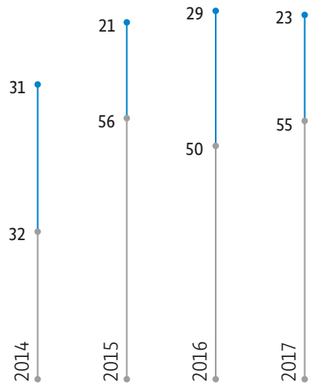
- signing a cooperation agreement with the Government of the Murmansk Region under which the Company shall provide funds for the arrangement of nature trails, continuous supervision and control in the nature park of the Rybachy and Sredny Peninsulas;
- signing a cooperation agreement with the Government of the Trans-Baikal Territory to develop the Relict Oaks State Reserve in the Gazimuro-Zavodsky District;
- continued cooperation with the World Wildlife Fund, Bellona Environmental Rights Centre, Environmental Chamber of Russia, All-Russian Society of Nature Conservation and other environmental institutions;
- support to six international and domestic conferences and forums held in Arkhangelsk, St Petersburg, Vladivostok and Moscow to discuss environmental protection issues;
- signing of the Environmental Charter of the Krasnoyarsk Territory;
- hosting the Environmental Protection and Industrial Activity in the North conference in Krasnoyarsk. The event was attended by representatives of federal and regional authorities, major Siberian financial and industrial groups, scientific and environmental communities;
- staging the Environmental Problems in the Metals Industry corporate workshop traditionally held in Moscow;
- arranging visits of representatives of federal and regional authorities in October (Monchegorsk) and July (Norilsk) to showcase the Company's environmental achievements in the regions of operation;
- continued participation in the events of the Norwegian-Russian Intergovernmental Commission for Economic, Industrial and Scientific and Technical Cooperation, Joint Norwegian-Russian Environmental Commission, and Barents Euro-Arctic Council, with meetings taking place in Oslo (Norway), Nickel and Kirovsk (Murmansk Region, Russia); support to Russia-Norway Cross-Border Cooperation Days held in Nickel;
- joining the Zero Negative Environmental Impact nationwide campaign by Kola MMC, with the smelting section of the PGM Concentrator idling for the entire day shift on 2 December 2017;
- continued focus on support to nature reserves and biodiversity conservation in the regions of operation.

Dialogue in public non-financial reporting 102-43 102-46

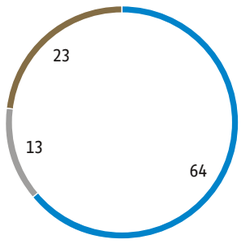
Each year starting from 2003, the Company has been engaging in dialogues with stakeholders and organising opinion polls while drafting sustainability reports. Since 2014, these dialogues have been staged as part of the We Are the City! social technologies forum. Apart from the sustainability report, the meeting agenda features issues related to assessing the Company's compliance with global initiatives, queries from local communities, government agencies and experts. Dialogues held while preparing the 2017 public non-financial report helped identify the UN Sustainable Development Goals and targets most relevant for the Company and the region.

[1] As at December 2017.

Poll participants[1]



Poll participants by territory, %



According to an independent assessment report for the World of New Opportunities charitable programme, "hundreds of representatives from the regions of operation and dozens of experts take part in We Are the City! forums aimed at identifying current and prospective enthusiasts and creating an environment for them to get together and establish ties between themselves and invited experts, businesses and government agency representatives".

Supply chain management

Supply chain is a set of interrelated resources and processes leveraged by Nornickel to create value all the way from obtaining goods, materials and services to delivering end products to the consumers. Supply chain management at Nornickel seeks to ensure continuous operation of the Group's companies, high product quality and reliability of shipments to customers.

Supply

The importance of supply management within the Company depends on the impact it has on:

- achievement of the Company's strategic goals. The supply function plays a crucial role in the Company's programme to enhance efficiency and cut costs.
- occupational health and safety. The quality of sourced products and timely supplies have a material impact on occupational health and are directly linked to the workplace safety.
- environment. An environmental impact is exerted throughout the life cycle of sourced products (manufacturing, transportation, storage, use and disposal) and is directly linked to demand planning, inventory management and logistics.
- financial performance of the Group companies across the footprint. The Company is a major consumer of products ranging from construction materials to foods. As Nornickel is the only or key customer for many local businesses, partnership with the Group does not only give suppliers an opportunity to ensure seamless operation of their enterprises but also provides incentives for further growth.

[1] External stakeholders are representatives of regional and local authorities, communities, and non-profit organisations, while internal stakeholders refer to managers of various levels from the Head Office, Polar Division, and Kola MMC.

KEY ELEMENTS OF NORNICKEL'S SUPPLY CHAIN

SUPPLY MANAGEMENT

Requirements planning and supply management

- Objective: seamless operation of the Group companies
- Inventory management model that rules out shortages

Procurement

- Formalised procedures and policies
- The Company's procurement process is certified for compliance with ISO 9001 and ISO 14001
- Procurement automation and stronger competition
- Combating corruption and other abuses

Logistics

- Higher efficiency in transportation

Feedback channels

- See the Suppliers page at www.nornickel.ru
- 2018: supplier conference

The supply management function is designed to fully cater to the Company's resource needs in a timely and efficient manner securing seamless operation of all production units and negotiating the best available procurement terms.

Nornickel employees are members of the Association of Procurement Directors, a professional association for the development of corporate procurement practices, and the Public Council of the Competitive Procurement Leaders Awards. Both organisations were established to shape, nurture and promote high professional standards in the realm of procurement activities.

The Company pays close attention to fostering ties with reliable domestic suppliers and contractors. Foreign suppliers are mainly engaged for delivering unique equipment or systems that do not have Russian equivalents. As at the end of 2017, the Company had 513 domestic and 37 foreign suppliers. 102-9

In terms of sustainable development, the prospective application areas for Nornickel metals include lithium-ion batteries, electric engines for vehicles, hydrogen fuel cells and healthcare.

CONTROL OF NON-FINANCIAL FACTORS IN SUPPLIER RELATIONS 103-2

Procurement initiation

- Scope of supply/work: legal and regulatory requirements of the Company, mandatory and recommended specifications of products and services, including availability of certificates, licences, permits, etc.
- Procurement documents: provisions for no signs of bankruptcy, overdue taxes and charges, and no criminal records in the biographies of top managers
- Procurement policies for certain product categories may specify quality assurance procedures for supplies

Procurement procedure

- Qualification of suppliers: default risk assessment and compliance with the Company's initial requirements (scope of supply/work, specifications, etc.)
- Corporate Security's checks into business reputation, reliability and solvency of potential counterparties
- Analysis and evaluation of bids submitted, including track record of similar projects and qualifications of key employees

Contracting procedure

- Inclusion of an anti-corruption clause in the contract
- Inclusion of product and service specifications in the scope of supply/work

Contract performance by suppliers

- Corporate Procedure for Organising and Conducting High-Hazard Operations: control over contractors' compliance with health and safety requirements
- Control over compliance with the Company's initial requirements (scope of supply/work, specifications, etc.) and environmental regulations during work and upon acceptance

Key non-financial factors:

- Quality of products, works and services
- Environmental protection
- Health and safety
- Legal compliance

Product quality and supply reliability

The Norilsk Nickel Group has achieved utmost efficiency in its production operations to provide the volumes, quality, and product range[1] that meet the needs of society while also fully complying with all applicable laws and HSE requirements.

Environmental and quality-related goals and objectives are in line with the Company's strategic goals and are formulated in the management's resolutions based on annual Corporate Integrated Management System performance reviews. To achieve the goals and objectives, the Company develops plans and programmes and then implements them, monitors the status of target parameters, and assesses performance.

In 2017, Nornickel's management systems successfully passed an independent recertification audit, while the systems of Kola MMC, Gipronickel Institute and Norilsk Nickel Harjavalta were subjected to surveillance audits. A total of 182 employees (14 in the Head Office and 168 in the Group companies) underwent training in quality management.

Saleable products offered by MMC Norilsk Nickel's Polar Division include copper cathodes, technical selenium (powder), platinum group metal concentrates (powder), crude silver (powder), commercial lump sulphur and copper-nickel converter matte (bars). M00k copper cathodes are certified in the GOST R certification system for compliance with the applicable product regulations and are registered on the London Metal Exchange under the NORILSK brand. 102-2

Kola MMC's products (electrolytic nickel, carbonyl nickel powder, carbonyl nickel pellets, electrolytic copper, electrolytic cobalt, cobalt concentrate, precious metal concentrates, and sulphuric acid) do not require mandatory certification and are not certified against Russian regulatory standards. Products are labelled in accordance with the GOST and TU requirements. At the same time, Kola MMC's cathode nickel brands of SEVERONICKEL COMBINE H-1Y and SEVERONICKEL COMBINE H-1 are registered on the London Metal Exchange and Shanghai Futures Exchange.

In terms of sustainable development, the prospective application areas for Nornickel metals include lithium-ion batteries, electric engines for vehicles, hydrogen fuel cells and healthcare.

[1] The Company's products, when used as intended, fall in the category of those that change their properties almost completely: nickel is used in alloys; copper is mostly used in construction and manufacturing of electric and electronic devices; platinum and palladium as chemical compounds are mainly used in autocatalysts; and nickel salts are used in a variety of industries.

PRODUCT QUALITY AND SUPPLY RELIABILITY

- Efficient self-developed product delivery planning and monitoring system
- Close coordination between marketing, production and delivery units
- Corporate cargo fleet
- ISO-certified management system in the Norilsk Nickel Group
- Feedback loop with customers that enables prompt response to their proposals, inquiries, and complaints
- Highly qualified staff

Throughout the history of the Norilsk Nickel Group, it **never once** failed to meet its obligation to deliver products to consumers

Saleable products offered by Norilsk Nickel Harjavalta Oy include nickel cathodes, nickel briquettes, nickel powder, nickel salts and cobalt sulphate. Nickel brands of NORILSK NICKEL HARJAVALTA CATHODES and NORILSK NICKEL HARJAVALTA BRIQUETTES are registered on the London Metal Exchange.

In 2017, the Company faced no major fines for a failure to comply with product supply rules and requirements.

2017 saw successful completion of the first performance assessment audit held at Polar Division, Kola MMC and Norilsk Nickel Harjavalta Oy to certify compliance with the Together for Sustainability targets. The TfS initiative seeks to leverage best global practices to develop environmental, health, safety, workplace, human rights, management and corporate governance requirements for members of the TfS partnership and their suppliers.

Sales policy

In sales, the Company focuses on building long-term strategic relationships with key market players. The Company's customer base includes around 400 clients (mostly industrial consumers). Nornickel sells its products on all key markets, with its footprint spanning 34 countries as at the end of 2017. 102-4 102-6

Customer satisfaction monitoring

Consumers of the Company's key products are surveyed to assess their satisfaction on an annual basis, while buyers of sulphuric acid are asked to complete relevant questionnaires once in three years. Compliance with contractual obligations is audited and analysed on an ongoing basis.

The main criterion for customer satisfaction is maintaining or exceeding the target satisfaction level at 2.5 points (out of 3 points). Key customer satisfaction surveys must cover at least 50% of the Company's total product sales.

CORPORATE INTEGRATED MANAGEMENT SYSTEM (CIMS)

Objectives of CIMS
- Continuous enhancement of operational excellence
- Competitive products and services
- Guaranteed occupational safety, quality and reliability of supplies
- Alignment with consumer needs and expectations

Key regulations
- Quality Policy*
- Environmental Policy*
- Occupational Health and Safety Policy
- Norilsk Nickel Group's internal standards

Key Russian and international standards
- GOST R
- ISO 9001:2008, ISO 9001:2015, ISO 14001:2004, ISO 14001:2015, OHSAS 18001:2007
- Rules and regulations of the European Union, World Trade Organisation, London Metal Exchange, and Shanghai Futures Exchange

* Updated in 2017.

According to the 2017 survey, the customer satisfaction level stood at 2.58 points.

In 2017, the Company received 39 complaints and grievances about its product or service quality and achieved out of court settlement for all of them by meeting the demands of consumers (14 complaints were deemed unfounded), with remedial action plans developed to address all well-grounded grievances.

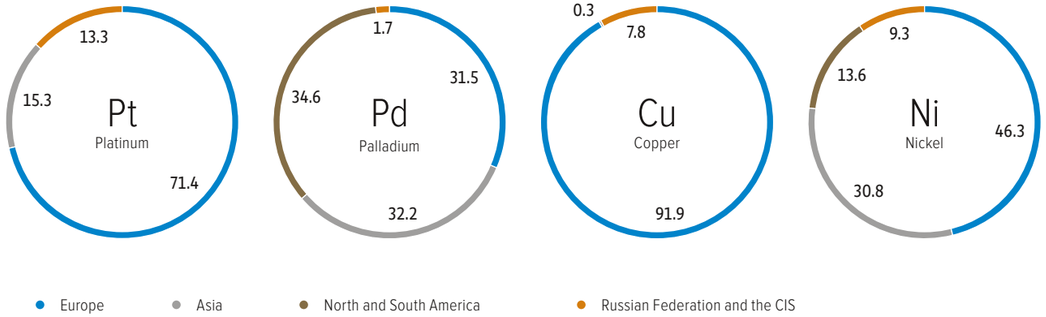
Dialogue with business partners

In terms of both infrastructure and methodology, the Company makes a significant contribution to the promotion of responsible consumption in the segment of precious metals and metal-bearing products.

As a member of the International Nickel Institute, Nornickel participated in the development of a database to help the Institute assess the environmental footprint of nickel and NPI products.

In 2015–2016, Nornickel took part in the drafting of Russia's informational and technical reference books on the best available technologies. Those books included Nickel and Cobalt Production, Copper Production, Production and Enrichment of Non-Ferrous Ores, Production and Enrichment of Iron Ores, Fuel Burning to Produce Energy at Large Plants, Mining Industry: General Processes and Methods, Production of Precious Metals, etc.

Key metal sales in 2017 by region, %



Markets and production volumes*

MARKET	2017 MARKET DESCRIPTION	2017 PRICE EVOLUTION	2017 SHORT-TERM PROJECTIONS	MID-TERM FUNDAMENTALS	LONG-TERM FUNDAMENTALS	COMPANY'S PRODUCTION VOLUME IN 2017
Nickel market	Deficit	High volatility	Deficit	→	↗	217,112 t
Palladium market	Deficit	Strong growth	Deficit	↗	↗	2,780 koz
Platinum market	Balanced	Decline	Balanced	→	↗	670 koz
Refined copper market	Slight deficit	Strong growth	Balanced	→	→	401,083 t

* For more details on the Company's key metal markets, see the 2017 Annual Report. AR-2017

2017 saw successful completion of the first performance assessment audit held at Polar Division, Kola MMC and Norilsk Nickel Harjavalta Oy to certify compliance with the Together for Sustainability targets. The TfS initiative seeks to leverage best global practices to develop environmental, health, safety, workplace, human rights, management and corporate governance requirements for members of the TfS partnership and their suppliers.

Nornickel is an active partner of the International Platinum Group Metals Association (IPA) and the United Nations Interregional Crime and Justice Research Institute (UNICRI) in their efforts to counter illicit trafficking of precious metals.

During an information security forum in Garmisch-Partenkirchen (Germany), Nornickel came up with an idea to draft an International Information Security Charter for Critical Industrial Facilities, which would represent a code of ethical conduct in the cyber environment. The initiative was approved by the forum participants and gained additional traction during the Cyber Stability: Approaches, Prospects, Challenges international conference held in Moscow in December 2017. In furtherance of the above initiatives, in October 2017, Nornickel sponsored the creation of Club of Information Security in Industry, a cross-industry association bringing together heads of information security divisions from Russia's leading industrial companies.

Transparency

Enhanced transparency and information availability are the key guiding principles of MMC Norilsk Nickel in all of its pursuits. In 2016, the Board of Directors approved Nornickel's Information Policy Regulations, with the Company undertaking to provide its stakeholders with material information and go beyond the mandatory disclosure requirements of the Russian law.

The key principles underlying the Company's information policy include regularity, timeliness, accessibility, reliability, completeness, balanced approach, impartiality and safety of information resources. The Company discloses information about its strategy and mission, policies, key events and operating results, while also publishing sustainability and annual reports.

The Company posts relevant data on its official website and corporate pages in social media. It also holds press conferences, briefings and conference calls. 2017 saw the launch of Nornickel's updated corporate site (www.nornickel.com), which received positive response from the expert community. The Company has built close working relations with representatives of the mass media, including the leading business publications, news agencies and TV channels in Russia and all over the world.

An important focus area of 2017 was the continued enhancement of the Company's social media presence through dedicated corporate pages to further underpin transparency and level off geographic differences in information sources by promoting equal opportunities and providing every online user with direct access to data on Nornickel.

In 2017, the media published a total of more than 96,000 pieces about the Company, including approximately 50 interviews with Nornickel's executives. The coverage included production and financial releases about the Company, publications about its growth plans, social initiatives, environmental and local development projects. In 2017, coverage intensity increased by 49% for local media, 43% for the international press and 8.5% for the federal outlets.

Construction of a fibre optic communication line between Novy Urengoy and Norilsk was one of the reasons behind a stronger media focus on Norilsk and Nornickel. The launch of Bystrinsky GOK came as yet another highlight, as its sheer scale and timeline make it comparable to the grand construction projects of the industrialisation era. The project's CAPEX exceeded RUB 90 bn. The facility boasts many unique characteristics: the state-of-the-art production technologies will help preserve the pristine nature of the Trans-Baikal Territory, while also enhancing the production base and creating new high-productivity jobs to improve the local investment climate and encourage long-term sustainable development of the region.

Nornickel's charitable projects also remained in the media spotlight, with particular attention given to the Our Home and My Home (designed to provide support to the Company's most valuable employees) and World of New Opportunities programmes. As regards sponsorship projects, most interest was shown for the Company's collaboration with the Golden Mask Festival and a joint project with museums from nine Russian regions dubbed Conquering of the North: a Millennium of Success. In sports, the centre stage was taken by the Company's sponsorship of the 2019 Winter Universiade in Krasnoyarsk, with Nornickel acting as the General Partner and working in close cooperation with the International University Sports Federation (FISU).

6 Compliance with the UN Global Compact

62 Human rights

- **62** Human Rights Policy
- **62** Interaction with indigenous northern minorities

67 Labour relations

- **67** Employees and social policy
- **79** Occupational health and safety
- **83** Improvement of social and working conditions

84 Environment

- **84** Environmental Management System
- **85** Performance indicators
- **93** Biodiversity conservation
- **95** Impacts from transport operations
- **97** Impacts from foreign operations
- **97** Energy conservation and efficiency

100 Anti-corruption

- **100** Preventing and fighting corruption
- **102** Corporate Trust Service

Human rights

Human Rights Policy

UN Global Compact Principles

Principle 1:
Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2:
Businesses should make sure that they are not complicit in human rights abuses.

Respect for human rights is one of fundamental principles of Nornickel's operations. Being a socially responsible business, a major employer and a taxpayer operating in the territories with a mature legal culture, the Company promotes human rights. No operations are run in areas involved in military conflicts.

The Company complies with the applicable laws of the Russian Federation and other countries of its presence and respects both international standards for human rights protection and labour standards set out in the International Bill of Human Rights, the International Labour Organisation Declaration on Fundamental Principles and Rights at Work and the UN Guiding Principles on Business and Human Rights.

Nornickel takes steps to prevent and remedy any human rights violations, if any, across its assets and operations.

This principle is set out in the Company's by-laws governing the HR, environmental, social and other matters.

The Company's President is responsible for ensuring that Nornickel respects human rights. The Company's management at all levels is committed to respecting human rights and complying with the Russian and international laws and the Company's by-laws on human rights. The Company has a clear management structure alongside escalation and reporting lines to address human rights.

Alleged human rights violations can be reported to Nornickel's Corporate Trust Service. The Company guarantees confidentiality for whistle-blowers. Report statistics are submitted to the Audit and Sustainable Development Committee of the Board of Directors and to the Company's operations on a quarterly basis.

Interaction with indigenous northern minorities

Polar Division and Kola MMC, two production assets of the Group, are located in the Arctic, the region playing a major part in sustaining the global ecosystem of our planet.

The Company is constantly focused on reducing the environmental footprint in the Arctic Region. Since 2013, pollutant emissions have reduced by 12% and emissions within the city of Norilsk have considerably dropped following the plant shutdown.

Nornickel is active in promoting renewable energy sources in the Arctic, with the Taimyr HPP Cascade upgrade being one of the Company's major investment projects.

Nornickel recognises the right of indigenous northern minorities to preserve their traditional way of life, stick to the age-old environmental management practices and have decent living conditions.

The Company seeks to promote constructive cooperation with other enablers of the region's development as part of the State Commission for Arctic Development, where the Company's Vice President is a member.

Nornickel respects the rights, traditions, long-standing values and interests of indigenous northern minorities inhabiting the Company's regions of operation. Nornickel's operations and companies located in traditional settlement areas of indigenous northern minorities, include the Polar Transportation Branch, Norilskgazprom, Taimyrgaz and Norilsktransgaz. Nornickel's key commitments to further strengthen and develop relations with indigenous northern minorities that benefit both parties are set out in the Indigenous Rights Policy[1]. 103-2

Representatives of the Group companies are members of indigenous northern minority commissions organised by local authorities. MM6

[1] Approved by the resolution of the Board of Directors in February 2018.

Nornickel's key human rights policies

DOCUMENT	AREA OF RELATIONS	KEY AFFECTED STAKEHOLDERS	APPLICABILITY	APPROVING BODY
Business Ethics Code	Employees' labour rights No discrimination Favourable working conditions and occupational safety Respect for human rights across the Company's regions of operation	All stakeholders	To the Group companies	Board of Directors
Human Rights Policy	Respect for human rights across Nornickel's businesses, operations and regions of presence	All stakeholders	To the Group companies	Board of Directors
Indigenous Rights Policy	Respect for rights of indigenous people, their living standards and development	Indigenous people affected by the Company's operation	Group companies, suppliers and contractors	Board of Directors
Working Conditions Policy	Working conditions No forced and compulsory labour	Group companies' employees Suppliers, contractors	Group companies, suppliers and contractors	Board of Directors
Occupational Health and Safety Policy	Working conditions Health protection and safety	Group companies' employees Suppliers, contractors	Group companies	Management Board
Equal Opportunities Programme	Recruitment No discrimination Sports and cultural development Employment for people with disabilities and vulnerable population groups	Group companies' employees	Group companies	Board of Directors
Personal Data Policy	Personal data processing	All stakeholders	Group companies	President, Chairman of the Management Board
Freedom of Association Policy	Freedom of professional associations	Group companies' employees	Group companies	Board of Directors
Local Community Relations Policy	Quality of life	Local communities	Group companies, suppliers and contractors	Board of Directors
Environmental Policy	Environmental protection, lower environmental impact	All stakeholders	Group companies	Board of Directors
Environmental Impact Assessment Policy	Favourable environmental conditions, comfortable living environment	Group companies' employees Local communities	Group companies	Board of Directors
Biodiversity Policy	Conservation of the natural diversity of ecosystems	All stakeholders	Group companies	Board of Directors

Key areas of interaction with indigenous northern minorities
The Company has been supporting initiatives to improve living standards of the Taimyr Peninsula's indigenous people. The initiatives cover housing construction, maintenance and social projects in small and remote settlements on the Taimyr Peninsula, along with delivery of social aid for indigenous northern minorities and food for children of reindeer herders, and other projects.

To preserve national traditions and culture of indigenous northern minorities, the Company participates in staging annual professional festivals for tundra inhabitants on the occasion of the Reindeer Herder's Day and the Fisherman's Day.

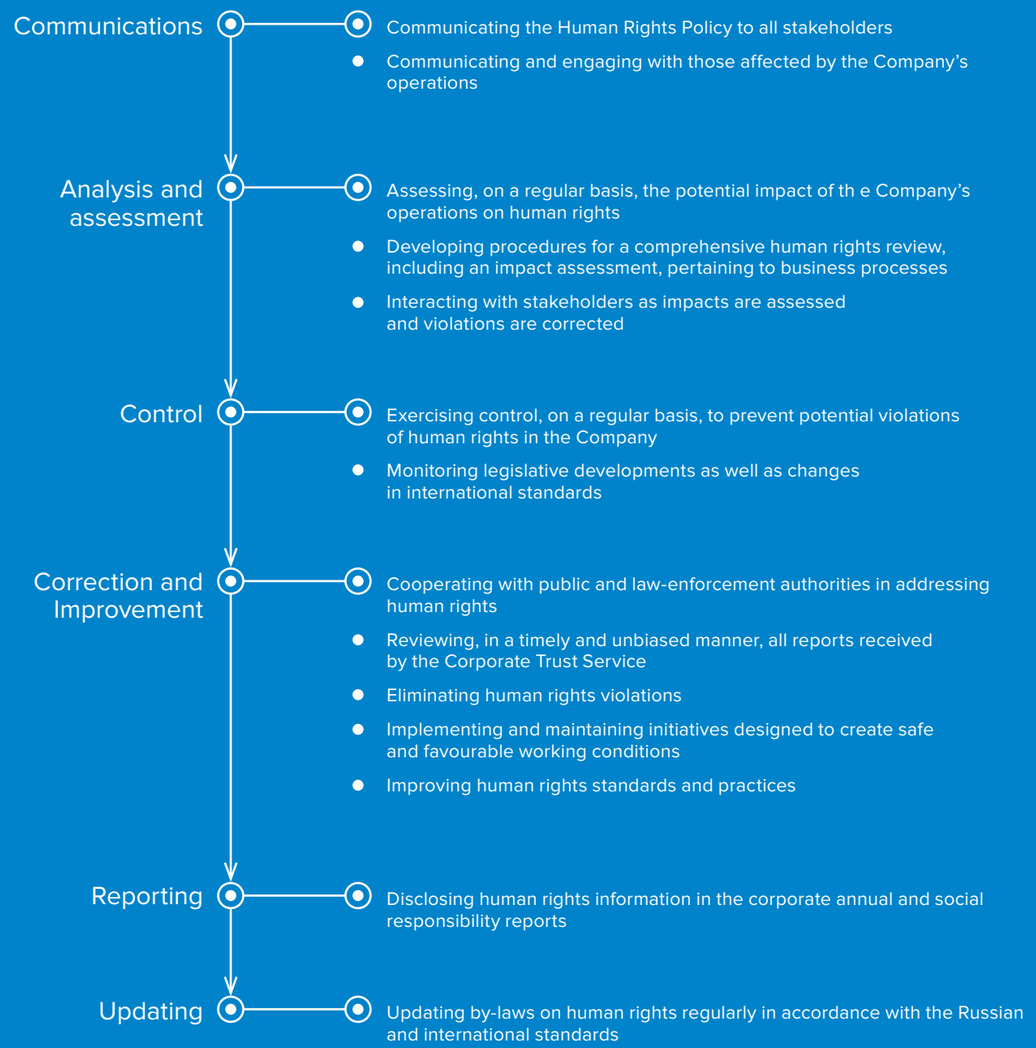
In 2017, the Company did not commit any violations affecting the rights of indigenous minorities.

ARCTIC DEVELOPMENT

Polar Division and Kola MMC, two production assets of the Group, are located in the Arctic, the region playing a major part in sustaining the global ecosystem of our planet.

The Company is constantly focused on reducing the environmental footprint in the Arctic Region. Since 2013, pollutant emissions have reduced by 12% and emissions within the city of Norilsk have considerably dropped following the plant shutdown. Nornickel is active in promoting renewable energy sources in the Arctic, with the Taimyr HPP Cascade upgrade being one of the Company's major investment projects. Nornickel recognises the right of indigenous northern minorities to preserve their traditional way of life, stick to the age-old environmental management practices and have decent living conditions. The Company seeks to promote constructive cooperation with other enablers of the region's development as part of the State Commission for Arctic Development, where the Company's Vice President is a member.

NORNICKEL'S HUMAN RIGHTS PROCEDURES



Labour relations

UN Global Compact Principles

Principle 3:
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4:
Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 5:
Businesses should uphold the effective abolition of child labour.

Principle 6:
Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Employees and social policy

Human capital is one of the key factors contributing to the Company's successful development. Recognising its importance, the management of the Norilsk Nickel Group is committed to creating conditions that would contribute to employees' performance and engagement, and exercises a comprehensive approach to HR practices. 103-2

Respect for employees and their rights lies at the heart of the Norilsk Nickel Group's business.

HR management assessment

To assess HR management and make efficient decisions, the Company continuously monitors HR metrics, analyses the structure of staff costs, labour productivity, and performance of social, adaptation and other programmes. The Company plans to introduce continuous monitoring of staff engagement and satisfaction, and conduct a comprehensive HR management assessment starting from the end of 2018. 103-2

Staff composition

The Group's average headcount in 2017 was 77,991 employees in Russian companies, and 959 employees in foreign subsidiaries.

The headcount decrease across the Russian operations by 3.8% against the previous year was due to the disposal of non-core assets and implementation of a programme to improve labour productivity and reduce costs.

The number of FTEs[1] at the Russian companies of the Group as at the end of 2017 stood at 76,900. Most of them work full time (>99%) and on the basis of unlimited employement contracts (>96%). As at the end of 2017, there were 598 employees working under civil contracts. 102-8

Staff turnover[2] 401-1

INDICATOR	2013	2014	2015	2016	2017
Employments	10,103	13,220	15,607	15,166	11,262
Employee inflow ratio[3], %	12.2	16.5	19.1	18.8	14.6
Separations	13,738	12,812	14,277	15,413	15,232
Employee turnover[4], %	12.1	11.3	10.7	10.5	10.3
Employee outflow ratio[5], %	16.7	15.6	17.1	19.2	20.0

[1] Including salaried employees and external part-timers.
[2] Russian companies of the Group.
[3] The ratio of new employments to the total employments as at the end of the period.
[4] The ratio of resignations, dismissals for breach of labour discipline, and negotiated terminations, to the annual average headcount.
[5] The ratio of all separations to the total employments as at the end of the period.

HR MANAGEMENT

Regulation

- Principles and provisions of the international law, standards of the International Labour Organisation, national laws of the countries of operation
- The Constitution and Labour Code of the Russian Federation
- Equal Opportunities Programme
- Freedom of Association Policy
- Working Conditions Policy
- Nornickel's Personal Data Policy
- Corporate Training Framework Regulation
- Talent Pool Regulation
- Procedure for Assessing Employee Performance

Responsibility

- **Board of Directors' Corporate Governance, Nomination and Remuneration Committee:** approval of priorities and policies and monitoring of the Company's performance
- **President:** implementation of the HR strategy
- **Senior Vice President for HR, Social Policy and Public Relations:** implementation of the HR strategy
- **HR Department:** development and implementation of the HR strategy and the social policy
- **Social Policy Department:** development and implementation of the social policy, social and charitable programmes
- **HR functions of the Group companies:** implementation of HR and social policies

Priorities

- Building a skilled and balanced team
- Creating talent pool
- Improving the incentive system
- Training and developing the staff
- Implementing the social policy

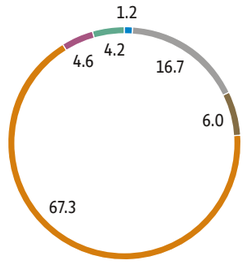
The Company is a major employer in the Norilsk Industrial District and the Kola Peninsula and as such has a significant impact on these region's labour markets. The Company has no policies in place providing for the preferential hiring of locals; staff selection is based on potential employees' skills, qualifications, and education. 103-2

In 2017, the Company employed 1,029 new permanent staff members from other regions of Russia.

In the reporting year, Bystrinsky GOK (Trans-Baikal Territory) started an ambitious recruitment exercise.

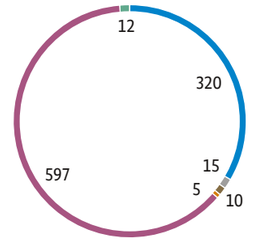
As part of the large-scale recruiting campaign, we informed over 9 million people from 26 Russian regions about the construction of GRK Bystrinskoye providing advice on the working conditions and available jobs. We used a free employment hotline. In nine months, we hired 1,900 highly qualified workers,

Group's personnel structure by territory, %



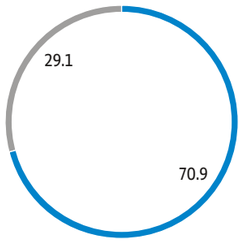
- Group's foreign operations
- Kola Peninsula Industrial District (Murmansk Region)
- Moscow and other regions of Russia
- Norilsk Industrial District (NID)
- Krasnoyarsk Territory (excluding the NID)
- Trans-Baikal Territory

Headcount of the Group's foreign operations, employees



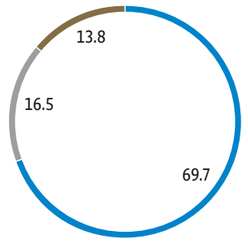
- Europe
- Asia
- North America
- Australia
- Africa (South Africa)
- Africa (Botswana)

Personnel structure by gender[1], %



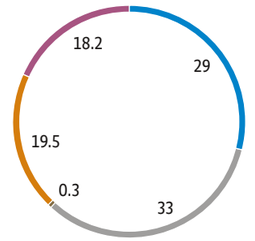
- Males
- Females

Personnel structure by category, %



- Blue-collar employees
- White-collar employees
- Managers

Personnel structure by education, %



- General secondary education
- Higher education
- Undergraduate higher education
- Secondary vocational education
- Basic vocational education

[1] Unless otherwise specified, the indicators are hereinafter given for the Group's Russian operations.

engineering service officers and managers. Residents of the Trans-Baikal Territory accounted for 80% of employees at Bystrinsky GOK commissioned in 2017.

In 2017, the share of top executives representing local communities stood at 98.0%. Russian citizens accounted for 99.5% of the Russian operations' total headcount. 202-2

Staff development

Training

Training plays an important role in Nornickel's personnel development. The Company has put in place staff training programmes across all functional areas, including production, machinery repairs and maintenance, procurement, sales, finance, and IT. All staff categories are engaged in training, from top managers to workers. Training is a continuous process throughout an employee's career to ensure consistent expansion and improvement of knowledge and competencies, and enhancement of professional skills in line with the Company's growth needs. 103-2 404-2

MMC Norilsk Nickel has the Model Regulation on Professional Training in place, which the Group companies use a basis to develop their internal training regulations.

The Group's employees can benefit from free staff training, retraining, skills improvement, and internship programmes funded by the Group companies. The Company engages external education providers (universities, professional development institutions, research institutes, training centres, and consultants), and trains employees at its own corporate training centres. The Group's key training hubs are the Norilsk Nickel Corporate University (Norilsk) and the Kola Staff Development Centre (Monchegorsk), which provide training to more than 52,000 employees a year.

After completing the programme, the trainees are encouraged to send their feedback on the curriculum.

In 2017, Nornickel's training programmes covered 95,000 employees. The increase against 2016 is due to the implementation of comprehensive risk control and professional development programmes, and hands-on training on the new software (SAP HCM, SAP ERP, etc.)

In 2017, Bystrinsky GOK trained staff under 70 programmes, both in-person (at universities and institutions of the Trans-Baikal Territory and the Company's corporate training centres) and online. Average annual volume of training per employee trained in 2017 amounted to 70 hours. The Company used advanced distance learning technology to cut training hours. In 2018, we will continue exploring new training formats.

MMC Norilsk Nickel's R&D centre, a joint project run by Nornickel and the Siberian Federal University, was shortlisted at the Russian Mining Excellence Awards as an HR Project of the Year. More than 70 final year students and postgraduates who major in mining and metals receive training at the centre. It also offers professional improvement and retraining to the staff of Nornickel and other Group companies.

Talent pool

In 2017, the Company focused on designing and implementing training and development programme for the talent pool members and their mentors, with 99 mentors covered over the year. We developed a new comprehensive talent pool development programme based on cutting-edge education technologies.

The programme offers a combination of classroom and online sessions to enable transition from easy-to-follow on-the-job programmes to a free choice of resources for professional development.

In 2017, we proceeded with our project to automate talent pool management using SAP HCM. The new system will help standardise talent pool management methods across the Company, consolidate relevant data into a shared database, and boost the efficiency of talent pool building.

In 2018, the Company will keep rolling out the talent pool management programme across the Group's facilities in the Norilsk Industrial District.

Career guidance, cooperation with educational institutions

The Company's career guidance initiatives are integrated into the relevant regional programmes and target children and youths aged below 35.

Annually, all Norilsk educational institutions and teachers actively involved in the Company's career guidance initiatives take part in the contest promoting innovative practices in vocational counselling.

Key personnel training indicators 404-1

INDICATOR	2013	2014	2015	2016	2017
Employees covered by professional training, retraining and skill improvement[1], '000	47.9	54.1	63.1	70.0	95.0
including blue-collar employees	26.6	31.5	35.3	37	54
including managers	13.6	13.8	18.2	22	26
including white-collar employees	7.7	8.8	9.5	11	15
Total training man-hours, '000	5,250.5	5,079.2	5,824.1	5,666	6,630
Average annual hours per employee trained	109.6	93.8	92.2	80.8	70.0
Average annual training hours per employee (based on average headcount)	63.3	63.5	71.2	69.8	85
including blue-collar employees	–	–	–	77.9	95
including managers	–	–	–	72.4	83
including white-collar employees	–	–	–	31.9	44
Professional training costs, RUB mln	608.9	661.5	669.1	760	896
Costs per employee trained, RUB	12,711	12,220	10,589	10,841	9,459

[1] The 2017 figure exceeds the average headcount as over the year one employee could take part in more than one training session.

Development projects for target personnel categories

TARGET CATEGORY	PROJECT	PRIORITIES	COVERAGE IN 2018, EMPLOYEES
Highly qualified workers	Mentor Academy	• Professional skills competitions • Mentor training • Recognition, corporate forum of mentors • Participation of Nornickel's best workers in WorldSkills Russia	> 6,300
Line managers (foremen)	Foreman University	• Foreman of the Year contest • Mind sport tournaments for foremen	> 4,100
Young employees aged 18 to 35	Leader, movement of young professionals	• Norma NN (active leisure) • NIKoNN (mind sports and quests) • Creativity (contests, festivals and KBNN) • Induction and Career Guidance (support for young employees, meetings with school students) • Initiatives (projects to address social issues) • The Leader of the Year annual competition for the most promising young talent teams	> 17,000

The Company engages its young specialists in providing career guidance to reach out directly to school students and shape a positive attitude towards working with Nornickel.

The Company has established close cooperation with educational institutions. Its facilities invite students to take part in the Career Start-Up programme of paid pre-graduation internships and work placements. The Programme cooperates with 25 Russian universities. In 2017, 400 students joined the programme, with the top-performing ones awarded Nornickel's corporate scholarship and 88 hired by the Company after graduation.

In total, the programme covered more than 700 students, with 106 graduates employed in 2017.

Conquerors of the North is a business game to engage students in solving real business tasks. Nornickel was the first metals and mining company in Russia to use this methodology with students. In the span of two summer months, the programme participants are offered to take a hands-on training experience and compete in a multi-stage business game with a focus on teamwork to try and tackle some of the Company' real tasks. The Company engaged its own experts to provide mentorship support to the participants.

The Company prioritises the following training areas:

- underground (subsurface) ore mining;
- mine surveying;
- mineral processing;
- mining electrification and automation;
- mine and underground construction;
- industrial and civil construction;
- ground vehicles, hoisting/conveying and road machinery;
- mining machinery and equipment;
- power and electrical engineering;
- operation of transportation vehicles and systems.

KEY CAREER GUIDANCE EVENTS

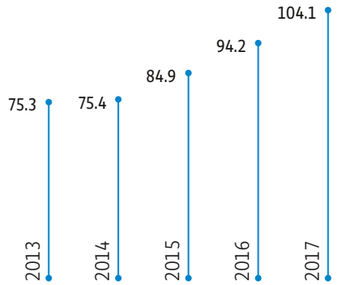
- Exhibitions and excursions
- Schoolchildren and student work brigades
- Social skills training programmes for high school students
- Open days and public lectures
- Conquerors of the North business career guidance game for interns
- Intellectual quizzes What? Where? When?
- Dedicated lessons: Company's Lessons, Norilsk Nickel – Dreams Continued
- Career Start-Up internship programme
- Arctic Wave festival of R&D discoveries
- Career contests: Add Colours to Your Town, My Parents' Job is Safe, I Would Become a Worker, Dreaming of a Future Career
- Additional education programmes for students of dedicated universities
- Arctic.PRO R&D marathon

Nornickel places a strong emphasis on engineering education in Russia, contributing to the promotion of relevant professions. In 2017, we supported CUP MISIS Case and CUP Technical, case-solving championships among students of Russian technical universities. During the contest, students dealt with cases related to Nornickel's operations and gained insight into the Company's business processes.

Incentives and rewards

In 2017, the Company continued implementing the grading framework which links each job and related remuneration to its significance for business processes. This should help the Company to deliver on its business objectives and strategy, secure maximum return on investment in human capital, engage and retain the best talent. Grading relies on the points factor method of job evaluation that takes into account knowledge and skills, the complexity of tasks, and level of responsibility. In 2017, we graded 93% managers and white-collar employees across all companies of the Group. This year, the Company is planning to complete the roll out of the grading framework.

Average salary in the Norilsk Nickel Group, RUB '000 per month



Group's total payroll in 2017 amounted to **RUB 97,861 mln**

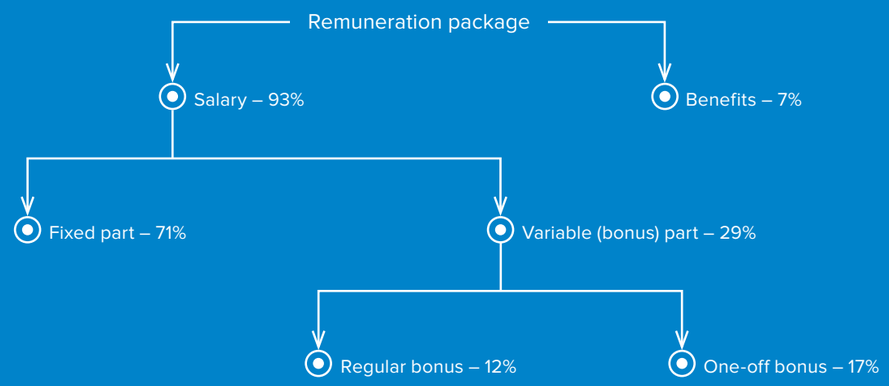
REMUNERATION POLICY GOALS	REMUNERATION POLICY PRINCIPLES
• Recruitment • Employee retention • Promotion of productive attitude to work • Administrative efficiency and transparency • Compliance with legal requirements	• Progressive remuneration system in line with the job grading framework • Streamlined approach to salaries and wages • Motivation of employees to achieve goals and objectives by improving performance • Competitive salary • Promotion of the Company's image as a responsible and reliable employer

Key compensation indicators 202-1

REGION	REMUNERATION PACKAGE, RUB '000	AVERAGE MONTHLY SALARY, RUB '000	REGIONAL PAYROLL PERCENTAGE OF THE AGGREGATE PAYROLL, %	MINIMUM MONTHLY COMPENSATION TO STATUTORY MINIMUM MONTHLY WAGE[1], %	STATUTORY MINIMUM WAGE
Group average	–	104.1	–	–	–
Kola Peninsula Industrial District (Murmansk Region)	82.7	77.2	12.4	1.00	14,281
Krasnoyarsk Territory (excluding the NID)	51.3	50.0	2.4	1.17	10,592
Moscow and other regions of Russia	286.0	276.9	14.6	1.81	18,742
Norilsk Industrial District (NID)	111.7	102.2	68.1	1.46	16,130
Trans-Baikal Territory	77.3	75.4	2.6	2.09	8,947

[1] The minimum wage in the Company does not depend of the gender of an employee.

REMUNERATION PACKAGE STRUCTURE IN THE GROUP'S RUSSIAN ENTITIES IN 2017, %



Employee awards

To motivate and financially incentivise its employees to work efficiently and productively, and deliver the highest operational results, the Company has put in place a structured system of incentives and rewards of various categories and levels: government awards, ministry and agency awards, regional and municipal awards, corporate Nornickel awards, and internal awards granted by the Norilsk Nickel Group companies.

In 2017, 3,589 Company's employees were awarded for outstanding production achievements and many years of diligent service, including 37 employees honoured with government awards, 223 — with ministry and agency awards, 1,160 employees who received awards from regional and municipal authorities, 245 and 1,924 employees who were granted corporate and local awards of the Group companies.

Social policy

The social policy of the Group is implemented in a consistent manner based on the feedback principle. To make changes to the existing programmes, develop new ones and close those that have achieved their goals and objectives, the Company conducts an in-depth comprehensive review and selects the best solutions in terms of social interests, economics of the Company, and the interests of its employees. We are constantly monitoring the implementation of our programmes to ensure timely identification of possible weaknesses.

The social package includes the following benefits and compensations:

- health resort treatment and vacation to employees and their families at subsidised prices;
- payment of return travel and baggage costs to a place of vacation to employees in the Far North and equivalent areas, and their families;
- one-off financial aid in the face of certain life events, or hardships;
- additional employee pensions and other types of social guarantees under the existing collective bargaining agreements and local regulations.

Health improvement programmes

For many years, the Norilsk Nickel Group has been running a programme of rehabilitation and health resort treatment for its employees and their families. The harsh climate of the Far North and the nature of the Group's operations require special care of the employee health, which makes health improvement and wellness a priority of the corporate social policy.

In 2017, the Company decided to provide the NID's employees with recreation and treatment at Chinese resorts in spring and winter. This came on the back of flight restrictions in summer due to the reconstruction of Norilsk Airport.

Social expenses, RUB mln

	2017		2018
INDICATOR	**PLAN**	**ACTUAL**	**PLAN**
Health resort treatment and vacations of employees and their families	2,145	1,953	2,040
Reimbursement of round trip travel expenses and baggage fees to employees and their families	3,427	2,960	3,186
Pension plans	1,173	1,004	1,186
Housing programmes	2,272	5,476	6,760
Relocation assistance to new employees	446	299	345
Social projects for employees (development of target categories, sporting events and holiday celebrations)	663	667	600
Voluntary health insurance	232	204	247
Financial aid and additional benefits to retired and former employees and their families	257	215	255
Other payments and social expenses (healthcare services, severance pay, etc.)	1,440	1,626	1,723
Expenses related to social programmes and benefits for employees	**12,054**	**14,405**	**16,342**

KEY HEALTH IMPROVEMENT PROGRAMMES	PARTICIPANTS IN 2017
Zapolyarye Health Resort (Sochi)	9,230
Kolsky Health and Spa Centre (Monchegorsk)	1,685
Non-corporate health resorts, including:	6,974
Rossiya and Belokurikha health resorts (Altai Territory)	547
Rosa Springs Health Resort (jointly with the Imeretinsky resort) (Sochi)	4,994
other non-corporate health resorts	1,433
Vacation for children (including Anapa and Bulgaria)	1,539
International vacation programme	6,833
Total participants	**26,261**

Co-Funded Pension Plan Programme

Co-Funded Pension Plan, a corporate private pension programme, has been running since 2007. As at the end of 2017, it saw 15,700 participants from among employees of 20 companies, with some 6,000 receiving pensions. 201-3

The programme provides for two pension plans: Parity and Corporate. Under the Parity Plan, pension savings are co-funded by the employee and the Company on a par (equal) basis. The Corporate Plan is designed for highly skilled employees and/or employees with highly sought-after occupations; within this plan, the Company finances private pension plans for such employees. In 2017, an average participant contribution amounted to 2.7% of the employee's salary or the Company's average of RUB 2,700.

Housing programmes

In 2017, the Company adopted a Housing Programme Policy putting in place a single pool of principles and approaches to developing, approving and implementing housing programmes for employees with the highest qualifications and most relevant expertise as a way to boost long-term staff retention across the Group's operations.

LET'S DO IT ENVIRONMENTAL MARATHON

The environmental marathon for the Company's employees is held on an annual basis.

The marathon seeks to promote environmental responsibility and support the joint volunteering initiatives of the employees and the local communities aimed at preserving the natural heritage. The marathon's environmental teams are made up of Nornickel's eco-conscious employees from Moscow office, Kola MMC facilities, Polar Division and other subsidiaries of the Company. As part of the project, a total of 75 environmental campaigns and initiatives have been launched, and over 1,000 trees and bushes have been planted. Those initiatives included an ecological quest to revamp the nature trail in the Lapland Biosphere Reserve, construction of titmouse houses for the Putoransky Nature Reserve, and a Green Living Room event held in the Pasvik State Nature Reserve's visitor centre. In 2017 alone, over 3,500 volunteers took part in the project.

In the reporting period, the Company continued implementing Our Home and My Home corporate social programmes launched back in 2010 and 2011, respectively.

Our Home programme is intended for the employees of Polar Division, Polar Transport Division and Kola MMC.
My Home programme covers 14 Group entities operating in Norilsk, the Taimyrsky Dolgano-Nenetsky Municipal District and Murmansk Region. Since the start of the programme, 3,397 apartments have been granted to the Company's employees. In total, the Company has purchased 3,826 ready-for-living apartments, including 422 in 2017.
As part of the programmes, the Company purchases ready-for-living apartments in various Russian regions at its own expense and provides them to eligible employees under co-financing agreements. The Company pays up to a half of the apartment cost (but in any case no more than USD 35,000), with the rest paid by the employee within a certain period of employment with the Norilsk Nickel Group (from five to ten years). The cost of housing remains unchanged for the entire period of the employee's participation in the programmes. Ownership rights are registered at the end of the programmes, but the employee may move in immediately after receiving the apartment.

In 2014–2017, apartments were purchased in the Moscow and Tver Regions, as well as in the Krasnodar Territory, with the Company seeking to buy properties located in close proximity to enhance the employees' living standards by developing additional infrastructure and optimising the scope of maintenance tasks assigned to the property management company.

To boost the appeal of housing programmes for employees and, consequently, increase the Group's retention rate, Nornickel is running the Temporary Assistance Programme for Employees of Polar Division and Kola MMC in Acquiring Residential Property. The new housing programme based on subsidised mortgage loans was launched in 2016–2017. It is designed to provide a wider choice of residential locations, with employees entitled to an interest-free loan to make a down payment and a partial reimbursement of the mortgage interest.

The pilot results showed strong demand for the programme from employees seeking to improve housing conditions, and its effectiveness in retaining highly qualified staff. Some 200 employees have already taken part in the pilot, with over 110 people tapping into the allocated funds. This prompted the Company to roll it out on an ongoing basis, which resulted in the new Corporate Social Subsidised Loan Programme for Employees of MMC Norilsk Nickel and Russian entities comprising the Norilsk Nickel Group. The launch of the programme is scheduled for Q1 2018.

Support to new employees
Nornickel provides financial support to newly employed staff relocating to Norilsk and the Taimyrsky Dolgano-Nenetsky Municipal District, including young specialists, workers, engineering staff and managers.

The Company reimburses the following expenses of newly employed staff:
- travel expenses;
- baggage transportation;
- living costs for the first three years.

On top of that, the Company also pays a one-time relocation allowance to support the employee at the new place of work.

With 267 employees joining the relocation support programme in 2017, it now boasts 1,715 participants.

Sporting and mass public events programme
The Company promotes sports and healthy lifestyle to solidify the corporate team spirit and maintain a positive work environment. It organises sporting events and competitions attended by its employees, their families, and the local community. The events include the annual Polar Division Olympics, Kola MMC Olympics in 16 sports, Norilsk Nickel Ski Track health marathon, "Dad, Mum and I – a Sporty Family" corporate competition, swimming, ice hockey, futsal, volleyball, basketball, alpine skiing, snowboarding competitions, and sport events dedicated to the Metallurgist Day and other high days and holidays. In 2017, some 30,000 people took part in our sports events. Also, our facilities in Norilsk feature gyms attended by over 6,000 employees.

Programmes supporting former employees and their families
The ongoing support of its former employees is part of the Company's corporate social policy.

The Company's Veterans programme has been designed to support unemployed pensioners who permanently reside in Norilsk. The conditions for programme participation depend on the employee's length of service or permanent disability status. Financial aid is paid from the charitable contributions made by the Company.

The former employee financial aid programme establishes the amount of the benefit paid upon retirement by reference to the employment period.

The Pensioner Financial Aid Fund provides financial aid to former employees who retired prior to 10 July 2001 provided they had been employed by the Company's units for more than 25 years and permanently reside outside of the Norilsk Industrial District.
The Fund relies on voluntary monthly contributions from employee salaries and equal charitable contributions from the Company's budget.

The Company also provides targeted assistance to its former employees and their families to pay for health improvement and medications, funeral services, and helping in financial distress.

Support of employees with disabilities
The Company fully complies with the legislation regarding employment of people with disabilities. As per the employment quotas that vary depending on the region and company size, the share of such employees may come up to 3% of the average headcount.

The Company reserves positions that best suit employees with disabilities and provides necessary working conditions, including work and rest schedule, the duration of annual and additional paid leaves, and specialised workspace equipment.

Occupational health and safety

As one of the world's leading non-ferrous metal companies, Nornickel seeks to excel in occupational health and safety (OHS). The Company is aware of its responsibility for ensuring health and safety of all employees engaged in its operations, both its own and third party. 103-2

Nornickel's Occupational Health and Safety Policy gives precedence to the life and health of employees over operational performance while also demonstrating the Company's commitment to creating a safe and healthy environment and fostering sustainable employee motivation for safe workplace behaviour.

Zero work-related fatalities is the Company's key strategic priority in OHS.

The Company has approved and implemented the following standards:
- Prevention and Control Activities with regard to Health and Safety Processes;
- Safety Behaviour Audit;
- Power Source Insulation;
- High Altitude Operations;
- Provision of Personal Protective Equipment;
- Safety Requirements for Boarding and Alighting Company's Motor Vehicles during Inter-Facility Transportation;
- Accident Investigation;
- Procedure for Organising and Conducting High-Hazard Operations;
- Safety Requirements for Interaction of Vehicles and Pedestrians at Production Sites and Facilities;
- Hazard Identification, Assessment and Management of Occupational Health and Safety Risks;
- Management of technical, technological, organisational and HR changes.

As part of the standard implementation during the year, the Company was actively engaged in the Risk Control and Implementation of the Framework to Manage Technical, Technological, Organisational and HR Changes projects aimed at building a continuous and effective system to identify and control significant OHS risks and changes within the Group.

HEALTH AND SAFETY MANAGEMENT 403-1

Regulation

- Applicable Russian laws aligned with international laws
- Occupational Health and Safety Policy
- Occupational Health and Safety Strategy
- Corporate OHS standards
- OHS sections in collective bargaining agreements for the Group's Russian operations
- Regulations and guidelines for all production processes
- Project implementation plans and specifications for repair, construction and installation works
- Health and safety guidelines for specific jobs and types of work at all Company's facilities

Responsibility

- **Board of Directors:** monitoring the Company's performance on a quarterly basis
- **First Vice President and COO:** overseeing the development of initiatives and compliance with the OHS legislation, reporting to the Board of Directors
- **HSE Committee:** review and improvement of the OHS management system, assessment of OHS initiatives
- **The HSE Department:** development of OHS initiatives and monitoring compliance with the relevant legislation
- **Joint OHS committees (councils)** made up of management, employee, and trade union representatives: >57,600 members, or 75% of the Company's headcount
- **Authorised trade unions and staff representatives in OHS:** >1,000 representatives, >25,000 inspections, >8,300 improvement proposals

Certification

- Polar Division and Pechengastroy: GOST R 54934-2012 (OHSAS 18001)
- Kola MMC: OHSAS 18001
- Norilsknickelremont: GOST 12.0.230-2007 (ILO-OSH 2001)

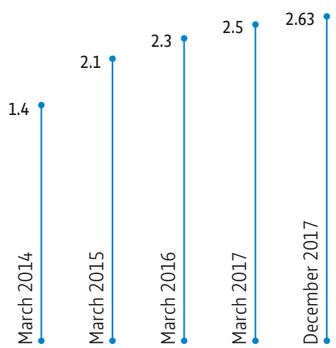
Priorities

- Implementation of corporate standards
- OHS training: over 39,100 employees of the Group companies trained in 2017, including 3,900 new employees and those with less than three years of experience
- Special assessment of working conditions held annually; 11,500 workplaces of over 16,000 employees assessed in 2017
- Provision of necessary personal protective equipment and its preliminary testing: average Group's costs of RUB 40,000 per employee in 2017
- Safety communication campaign
- Prevention of occupational diseases
- Safety management in contractors

The Group companies take preventive and control measures including:

- second-party OHS management audits (cross-company audits of the Group companies involving the OHS heads and experts from other Group companies);
- internal OHS management audits;
- activities as part of the OHS monitoring system at each facility, including:
  - multi-stage control;
  - ad hoc, targeted and comprehensive OHS inspections;
- safety behaviour audits;
- compliance and certification audits as part of the OHSAS management system;
- independent external audits of the corporate OHS management system and occupational safety culture.

Safety culture level in the Norilsk Nickel Group (Bradley Curve indicator)



The Norilsk Nickel Group has been conducting annual assessments of the occupational safety culture at its key assets since 2014. This is done to define priority areas to further improve the corporate health and safety management system and mitigate injury and accident risks.

In December 2017, the safety culture level as per the Bradley Curve stood at 2.63 against 1.4 in March 2014 which saw the first assessment.

Improvements in the safety culture metrics came on the back of greater personnel involvement in occupational health and safety, OHS leadership on the part of the production facilities' management, and enhancement of risk assessment and management expertise.

Prevention of occupational diseases

The Company continuously implements measures to prevent occupational diseases. Employees undergo compulsory pre-employment, regular and ad hoc medical examinations and check-ups organised at the Company's expense. Those that have contact with hazardous materials are subject to additional examinations at occupational pathology centres (regularly and upon recommendation from a medical board). In 2017, 6,294 employees passed such health examinations.

The Company's facilities have their own medical aid posts (centres) to perform pre-shift and pre-trip checks and provide medical assistance to employees. In case of hazardous production factors identified in the course of the special assessment of working conditions, the Company provides employees with free personal protective equipment (PPE), including respiratory protection (respirators, gas masks), hearing protection (earmuffs, earplugs), eye protection (glasses/goggles with UV filters, visors), skin protection (gloves, protective and regenerative creams, protective outwear). In 2017, the Group's costs related to personal protective equipment, medical examinations and maintenance of medical aid posts amounted to RUB 2,632.5 mln, RUB 391.9 mln, and RUB 213.4 mln, respectively.

The Company provides employees working in harmful and hazardous conditions with free foods, milk, and other equivalent food products for therapeutic purposes in compliance with the applicable Russian legislation and corporate policies. In 2017, foods and milk costs across the Group amounted to RUB 1,468.2 mln.

The health improvement and resort treatment programme is an important element of Nornickel's social policy.

In 2017, the Company failed to improve its LTIFR due to a significant increase in incidents at Polar Construction Company, including a group accident at Zapolyarny mine where in July 2017 there was an explosion during shaft sinking. Based on the investigation results, the Company developed a remedial action plan implemented as scheduled.

Key injury indicators 403-2

INDICATOR	UOM	2013	2014	2015	2016	2017
FIFR		0.10	0.07	0.12	0.11	0.06
LTIFR		0.80	0.48	0.62	0.35	0.43
Total production-related accidents in accordance with the Russian labour laws	pcs	106	64	88	56	58
Fatal production-related accidents	pcs	12	8	14	13	7
Minor injuries	pcs	50	305	411	719	719[1]
Potentially dangerous incidents[2]	pcs	–	349	976	1,845	1,711
Occupational diseases	pcs	206	226	271	339	361
Total number of production-related accidents among the contractors' employees engaged at the Group's sites, in accordance with the Russian labour laws[3]	pcs	–	13	19	17	16
including fatal accidents	pcs	–	5	5	7	1
Occupational health and safety expenses	RUB mln	4,095	7,446	10,748	8,515	8,708
including per employee	RUB mln	51	95	134	106	114

Health and safety performance indicators for accident prevention

INDICATOR	UOM	2013	2014	2015	2016	2017
Audits conducted:						
by health and safety committees	'000	>35	>33	>33	>31.5	>30.8
Target audits conducted by managers, senior specialists and committees of the Group's enterprises and business units	'000	16	7.7	8.4	6.8	8.7
Ad hoc audits	'000	21	6.3	8.1	8.8	15.3
Comprehensive audits of health and safety and dedicated management systems	pcs	157	160	163	167	221
Coupons removed from the books of employees violating health and safety requirements[4]	'000	6.4	4.4	3.9	3.4	2.9
Employees subject to disciplinary action for the violation of health and safety requirements	'000	7.6	6.9	8.3	8.8	7.9
Employees with reduced bonus payments	'000	>17	>14	>15	>15	>13.6
total	RUB mln		>67	>56	>55	>74
Employees incentivised for health and safety involvement and lower workplace injury rate as per the audit results	'000	>7	>5	>9	>5	>5.6
total	RUB mln	>42	>35	>78	>51	>41

[1] The increase in the number of minor injuries and potentially dangerous incidents was due to the introduction of the corporate Accident Investigation Standard, awareness-raising activities, and better understanding among employees of how reporting minor injuries and potentially dangerous incidents helps eliminate their causes and, therefore, prevent incidents with more severe implications.

[2] The indicator has been recorded since 2014.

[2] The indicator has been recorded since 2014.

[4] Removal of coupons is a preventive measure that enables the Company to register the number of gross health and safety violations which did not cause accidents, and subject the culprits to disciplinary actions and financial penalty.

All production accidents are investigated in accordance with the applicable Russian laws. Investigation results serve as a basis for developing measures to be taken promptly to eliminate the root causes.

Fatalities breakdown in 2017 by type of accident: explosion — four incidents, injuries caused by falling and flying objects, and energy-related injuries — one incident each.

Safety management in contractors

Contractors' operations (repair, construction and installation works at the existing facilities) are classified as high-hazard operations and governed by the respective corporate standards. In 2018, the Company is planning to develop and launch a dedicated occupational health and safety standard for contractors. Work permits or operations certificates, and work execution plans (project implementation plans, guidelines, etc.) shall contain safety requirements to be met in the process of organisation and the performance of works. The Company monitors compliance every shift. Prior to commencement of work, contractors' workers undergo induction and target briefings on health and safety, including security measures as per the work execution plans.

Emergency preparedness 103-2 403-3

The Group companies take great care in maintaining emergency preparedness, as the Group embraces mining, concentration and smelting operations, operates over 300 hazardous production facilities, and uses various hazardous substances (toxic, explosive, oxidising, etc.) in its processes.

The Company complies with the requirements of Federal Law No. 116-FZ On Industrial Safety of Hazardous Production Facilities dated 21 July 1997, and ensures preparedness for the management of accidents at hazardous production facilities.

Improvement of social and working conditions

The Group companies operate more than 2,050 sanitary, amenity, sports and fitness, catering, healthcare, and recreational facilities with a total area of over 340,000 sq m. The Company is committed to providing comfortable social and working conditions.

From 2003, the Group has been implementing the programme for the improvement of social and working conditions. Since its launch, we have overhauled 228 social facilities and purchased 394 relocatable buildings, investing a total of RUB 4,232.3 mln. The programme's initiatives will be completed in the mid term (within three years).

EMERGENCY PREPAREDNESS SYSTEM AT HAZARDOUS PRODUCTION FACILITIES

Plans on containment and elimination of accidents consequences at hazardous production facilities (hazard classes I, II, III)

- Contracts with professional emergency rescue services and organisations across the Company's footprint
- Auxiliary mine rescue teams at Polar Division and Kola MMC

  Monthly realistic training and classes
- Test alerts for employees involving emergency rescue services and units
- Financial reserves for accident management at hazardous production facilities

The Group companies have put in place surveillance and warning systems, and systems for communication and support in case of emergency

In 2017, the programme covered eight units and Group companies located in Norilsk, the Taimyrsky Dolgano-Nenetsky Municipal District, and the Murmansk Region. They completed the overhaul of 31 social facilities and purchased 19 relocatable buildings to be used by employees to change, warm up and take meals. The Company renovated a total area of 15,555 sq m and improved social and working conditions for 4,543 employees.

Total costs amounted to RUB 639.3 mln, including RUB 478.4 mln spent on design works and overhauls, and RUB 160.9 mln invested in equipment purchase.

In 2018, Nornickel plans to complete overhauls at 30 social facilities, including 4 sports and fitness facilities. The programme's estimated budget for 2018 is RUB 703.9 mln.

Environment

UN Global Compact Principles

Principle 7:
Businesses should support a precautionary approach to environmental challenges

Principle 8:
Businesses should undertake initiatives to promote greater environmental responsibility

Principle 9:
Businesses should encourage the development and diffusion of environmentally friendly technologies

Environmental Management System

Nornickel's management considers environmental protection an integral part of the production process. The Company complies with the applicable laws and international agreements and is committed to reducing emissions, on a phased basis, and sustainable use of natural resources.

The Environmental Management System within the Group is part of the integrated quality and environmental management system, which enables the Company to harmonise environmental and quality management initiatives with operations of other functions (production management, finance, health and safety, etc.). Such an approach has benefits both for environmental security and for overall performance across the Group.

Precautionary approach

In accordance with its Investment Project Risk Management Regulations, Nornickel analyses risks and assesses impacts and potential consequences using qualified expert review during both project initiation and implementation.
In the event material risks are identified, mitigation initiatives are developed, and a decision may be taken to abandon the project. During state expert appraisal, FEED documents for all the projects being implemented by the Company undergo mandatory assessment for compliance with the applicable law.
102-11

2013	2014	2015	2016	2017	2018-2022
2013 — Nornickel presenting its new strategy					
First strategic cycle					**Second strategic cycle**
Deliverables					Goals
• Cessation of air emissions of ca. 370 ktpa from the sources of Nickel Plant • Reduction of air pollutant emissions across the Group by 12% (2017/2013) • Reduction of waste disposal by 21% (2017/2013) • Reduction of water consumption by 16% (2017/2013)					2019 • Reduction of SO_2 emissions in Nickel by 50% • Significant reduction of discharged wastewater with sulphate, sodium chloride and boron in boric acid content 2023 • Significant reduction of SO_2 emissions in Polar Division
Environmental expenditures, RUB bn					
18.1	19.4	23.6	25.7	26.8	CAPEX for the Sulphur Project up to RUB 150 bn by 2023
Projects					
• Shutdown of the outdated Nickel Plant (Polar Division, emissions) • Upgrade of Talnakh Concentrator (Polar Division, emissions) • Treatment of salt effluent from nickel refining operations at Kola MMC (Kola MMC, effluents) • Transition to copper-nickel concentrate briquetting technology (Kola MMC, emissions) • Launch of electrolytic cobalt production (Kola MMC, emissions, effluents) • Sodium bisulphite production from flue gas at Copper Plant (Polar Division, emissions) • Change in off-gas removal process, elimination of ground-level emission sources at Copper Plant (Polar Division, emissions)					• Sulphur Project (Polar Division, emissions) • Upgrade of melting equipment, cessation of low-grade concentrate processing at Kola MMC (Kola MMC, emissions) • Upgrade and expansion of refining capacities with transition to chlorine dissolved tube furnace nickel powder technology (Kola MMC, emissions) • Disposal of salt effluent from nickel refining operations (Kola MMC, effluents)

When planning operations, the Company ensures compliance with the requirements of the applicable Russian environmental laws and regulations.

Environmental protection expenditures

The Group's total environmental protection expenditures stood at RUB 26.8 bn in 2017, up 103.9% vs 2016. The largest spending items were current environmental protection expenditures (RUB 20.9 bn) and capital investments to ensure environmental protection and sustainable use of natural resources (RUB 5.0 bn).
The charges for permissible and surplus emissions (effluents) and disposal of production and consumption waste amounted to RUB 0.6 bn while the charges paid by the Company to remedy damages arising from non-compliance with environmental laws stood at RUB 0.2 bn.

In 2017, the Company paid a total of RUB 999,000 in environmental fines (down 30% y-o-y) and received 18 improvement notices from regulators. 103-2 307-1

Performance indicators

Air protection

Polar Division's various operations mainly impact the environment in Norilsk. 54 pollutants are emitted to the air in this area. The key pollutant is sulphur dioxide, accounting for ca. 98% of all emissions.
103-2 413-2

Kola MMC's operations have environmental implications mostly for Monchegorsk and Zapolyarny towns and Nickel settlement. The key pollutants resulting from copper and nickel feedstock processing are sulphur compounds and dust which contains heavy non-ferrous metals such as nickel and copper.

Reduction of air emissions (especially those of sulphur dioxide and dust containing non-ferrous metals) is the key objective pursued by the Company's operational units in terms of environmental management.

RESCUING WHITE-FRONTED GEESE

The Company has been providing support for a long-term programme focusing on the research and protection of lesser white-fronted geese (the Anatidae family) listed on the Red Data Book.

Scientists managed to learn more about the bird's distribution across the Taimyr Peninsula and even track its wintering grounds. The successful completion of seven research expeditions to the outlying parts of the Putorana Plateau helped collect valuable data on the habits of this rare goose and develop a strategy to protect this species. Thanks to the programme, Taimyr is now home to around 4,000 lesser white-fronted geese.

ENVIRONMENTAL MANAGEMENT AT NORNICKEL

Regulation

- Environmental legislation: Federal Laws on Protection of the Environment and on Protection of Atmospheric Air, the Water Code, etc.
- Nornickel's Environmental Policy*
- Environmental Impact Assessment Policy
- Biodiversity Conservation Policy
- Established maximum permissible environmental impact and its limits
- Plans for reducing pollutant emissions
- Plans for reducing pollutant effluents

Responsibility

- **The Board of Directors** approves environmental policies
- **First Vice President and COO** oversees preparation of initiatives and compliance with environmental laws, prepares reports for the Board of Directors, and assesses effectiveness of the environmental management system
- **The HSE Department** ensures compliance of the Company's operations with the applicable environmental laws, environmental policy and ISO 14001:2015 and mitigates administrative and financial risks related to environment protection
- **The production units** implement environmental initiatives and prepare federal statistical and corporate reports (immediate, quarterly and annual)
- **The Health, Safety and Environment Committee** analyses and improves the environmental management system and assesses effectiveness of initiatives
- **The Sulphur Project office**

Certification

- MMC Norilsk Nickel – ISO 14001:2015
- Kola MMC – ISO 14001:2004
- Norilsk Nickel Harjavalta – ISO 14001:2004

Environmental management priorities

- Phased reduction of pollutant air emissions, primarily sulphur dioxide and solids
- Consistent reduction of wastewater discharges into water bodies
- Development of waste disposal sites to reduce human impact on the environment
- Zero pollution in maritime cargo transportation and vessel operation
- Sustainable use of natural resources and introduction of eco-friendly technologies
- Involvement with environmental public-private partnership projects
- Biodiversity conservation across regions of operations

* A revised version of the Policy in line with ISO 14001:2015 requirements was approved by the Board of Directors in 2017.

To communicate its environmental efforts to the people of Norilsk, since 2012, Polar Division has been running an automatic toll-free enquiry service offering short-term forecasts on the environmental situation in the city.

To raise the stakeholders' awareness of its large-scale environmental initiative, in 2017, the Company opened a Sulphur Project showroom relying on the latest exhibition technologies at Nadezhda Metallurgical Plant. The exhibits include:

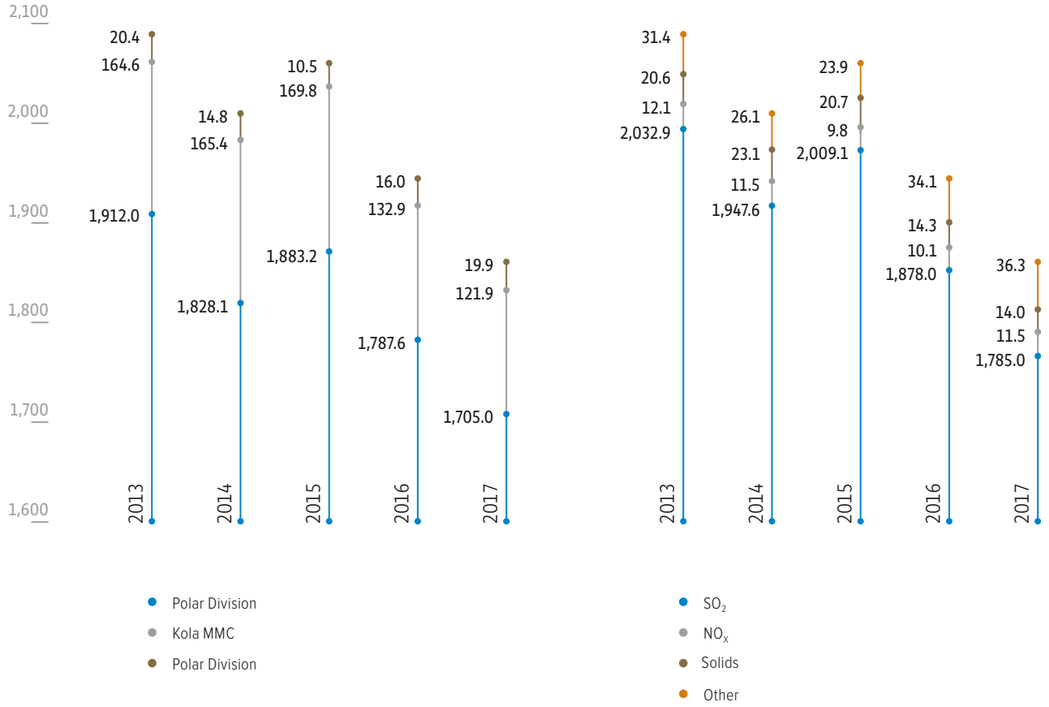
- architectural models of the facilities to be used to utilise sulphur dioxide emissions at the plant;
- building models with augmented reality elements to demonstrate solutions and technology;
- interactive stands providing information about the existing projects, Polar Division, Nadezhda Metallurgical Plant and the Company's environmental initiatives;
- screens with information videos about the projects.

In 2017, a roadmap to reduce air pollutant emissions at Polar Division in 2018–2023 was developed, with Rosprirodnadzor's approval obtained. The roadmap takes into account the current state of emission sources following the Nickel Plant shutdown and the completed reconfiguration stages of Polar Division's production facilities. It includes major projects (the sulphur projects at Copper Plant and Nadezhda Metallurgical Plant, and the converter section upgrade at Copper Plant), timely progress on which will allow Nornickel to keep the emissions down to maximum permissible rates.

The official deadlines for reaching maximum permissible emission rates at Polar Division were set forth in a decree of the government of the Krasnoyarsk Territory.

In 2017, the Group's pollutant emissions decreased by 4.6%, with Polar Division's emissions down by 4.6% and Kola MMC's emissions down by 8.3%.

Air pollutant emissions, kt 305-7



The reduction was due to lower sulphur dioxide emissions primarily resulting from the Nickel Plant shutdown, increased sulphur disposal to mineral waste upon completion of the Talnakh Concentrator upgrade, transition to the copper-nickel concentrate briquetting technology at Kola MMC's Zapolyarny site, and other initiatives.

Greenhouse (GHG) gas emissions

The Norilsk Nickel Group's direct GHG emissions totalled 10,031,386 t of CO_2 equivalent. The estimates for Polar Division, Kola MMC and Nornickel's fuel and energy operations are based on the Guidelines and Instructions approved by Order of the Russian Ministry of Natural Resources No. 300 dated 30 June 2015. Direct GHG emissions intensity equals 18.69 t of CO_2 equivalent per RUB 1 mln of consolidated revenue. 305-1 305-4

Use of ozone-destroying substances

The Group neither produces nor uses ozone-depleting substances (ODS), except for small amounts used as a chemical agent for laboratory-based chemical analysis as well as for filling and topping of compressors in various air conditioning units and carbonated water machines which produce water used as a cooling agent for medium- and low- temperature refrigerating equipment. The Company submits reports on ODS use to the Russian Ministry of Natural Resources as required. 305-6

Protection of water bodies

The Group uses water from surface and underground sources for its drinking, production and process supply needs as well as for community and shipping needs. The water is withdrawn in compliance with the approved limits, without any major impacts on water bodies. No water is withdrawn from either the Ramsar Wetlands or from other protected natural territories. 103-2

The Group's wastewater effluents in general do not exceed the approved limits, including admissible impact limits, or have any major impact on biodiversity of water bodies and related habitats.

The 7.2 mcm increase in water withdrawal of the Group in 2017 compared to 2016 was primarily due to higher natural inflow of snow melt and rain water to mine water of Zapolyarny, Kayerkansky and Oktyabrsky mines of Polar Division and increased processing of metal-containing feedstock at Nadezhda Metallurgical Plant following the shutdown of Nickel Plant.

Higher water withdrawal at NTEK (up 2.0 mcm y-o-y) resulted from longer process equipment running time.

The 3.8 mcm decrease in water withdrawal at Kola MMC was linked to lower inflow of mine water.

The Group's overall decrease in water use by 8.3% is related to the discontinued operations at Nickel Plant and less power generation at NTEK's TPP.

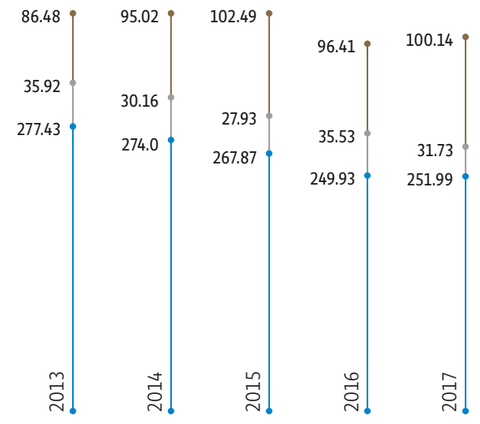
Lower water consumption at Kola MMC comes with significantly higher volumes of recycled and reused water as a result of commissioning of Cobalt-300 and disposal of salt effluent from nickel refining operations.

In 2017, the Group's wastewater discharge grew by 4 mcm y-o-y (+2.8%) and totalled 147.6 mcm. This was due to fluctuations in the inflow of mine water through the year. The 23.6 kt (+12.2%) increase in pollutant discharges was related to higher wastewater volumes as well as increased productivity of electrolysis unit No. 1 of the nickel electrolysis shop at Kola MMC.

The wastewater volumes treated to standard quality at treatment facilities grew by 0.9 mcm (+16.7%) following the commissioning of hydrodynamic filters at Skalny open pit of Polar Division and utility wastewater treatment facilities at Norilskgazprom.

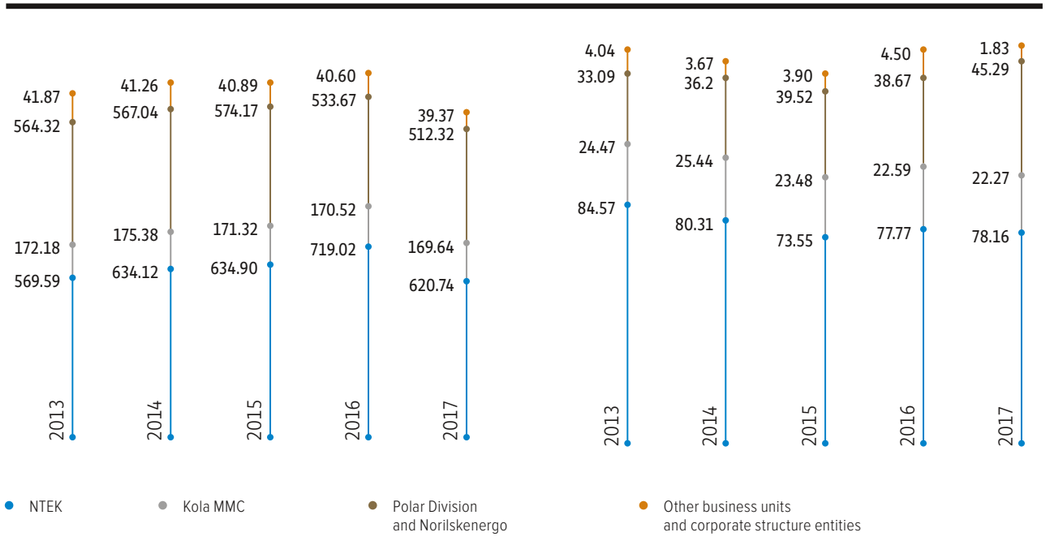
In 2017, the wastewater disposal at Kola MMC was down by 1.4% primarily due to lower water withdrawal for process needs.

Total water withdrawal[1], mcm 306-1



Total water consumption, mcm

Total wastewater discharge, mcm 306-1



[1] The total for Polar Division, Norilskenergo Branch and other divisions includes water withdrawal from NTEK.

Waste management

Over 90% of the Group's production waste is classified as hazard class 5 (practically non-hazardous waste), including rock and overburden, tailings, and metallurgical slags. To minimise the environmental impact, mining waste and tailings are stored at special waste disposal sites and are used (utilised) at the Group's facilities and other companies operating in the Norilsk Industrial District. Mining waste and tailings are used for preparation of filling compounds, as flux for melting of metal in melting furnaces, for construction and strengthening of tailing dumps, railroad groundwork, road filling, etc. MM3 103-2

All of the Group's waste disposal sites are listed on the national disposal site register. The sites undergo environmental monitoring in line with designated programmes. Tailings pits are monitored additionally as required by safety standards for hydraulic structures.

Production and consumption waste is treated in accordance with waste generation standards waste disposal limits.

In 2017, Polar Division commissioned the first stage of tailings pit at Talnakh Concentrator, which allowed for environmentally safe storage of ca. 31 mt of mineral waste.

In 2017, the Group generated 1.34 mt less waste than in 2016. Polar Division saw a 0.7 mt increase (+3.0%) in the total volume of waste due to liquidation of Nickel Plant facilities as part of the Sulphur Project, opening up and mining of new levels at Oktyabrsky mine and open-pit development at Zapolyarny mine.

Waste generation at Kola MMC decreased by 2.0 mt (-18.9%) y-o-y mainly due to discontinued open-pit mining at Yuzhny.

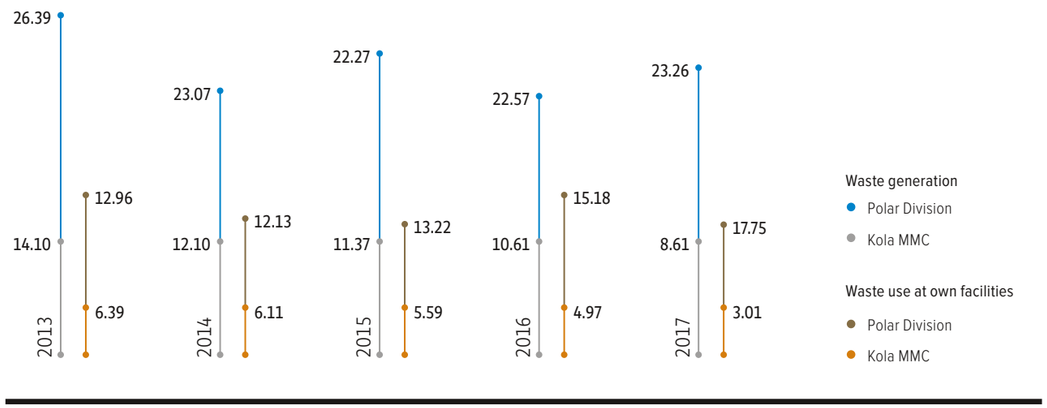
In 2017, the Norilsk Nickel Group re-used 65% of all produced waste and is committed to keep increasing the rate.

Most per-unit environmental impact indicators of the Group show consistent downward trends.

Environmental impact indicators per unit

INDICATOR	UOM	2013	2014	2015	2016	2017
Air emissions	t / RUB mln[1]	5.727	4.404	4.077	3.530	3.438
Water withdrawal	'000 cubimeters / RUB mln	0.963	0.772	0.689	0.599	0.625
Water consumption	'000 cubic meters / RUB mln	3.681	3.109	2.808	2.668	2.500
Wastewater disposal	'000 cubic meters / RUB mln	0.399	0.319	0.277	0.262	0.275
Pollutants discharged in wastewater	t / RUB mln	0.381	0.308	0.302	0.352	0.404
Waste generation	kt / RUB mln	0.111	0.077	0.066	0.061	0.059

Waste generation and disposal[2], mt 306-2



[1] Hereinafter in the table – RUB mln of the consolidated revenue.

[2] The bulk of waste is generated as a result of Polar Division and Kola MMC operations. The share of waste generated in the course of operations of the Group's other entities (including NTEK) is less than 0.01 mt (less than 0.5% of the total).

Biodiversity conservation

Nornickel recognises the importance of biodiversity, and its environmental policy seeks to minimise the Company's footprint and hence contribute to biodiversity conservation. In 2017, the Company developed a standalone Biodiversity Policy approved by the Board of Directors in early 2018. 103-2

Its focus areas include land rehabilitation, cooperation with nature reserves and reproduction of aquatic bioresources.

The Company is supporting the programmes run by nature reserves to study and preserve rare and endangered species listed on Russia's Red Data Book, including Siberian bighorn sheep, polar bears and lesser white-fronted geese.

Land rehabilitation

The Company is developing the Oktyabrskoye, Talnakhskoye and Norilsk-1 Fields on the Taimyr Peninsula, the Zhdanovskoye, Zapolyarnoye, Kotselvaara and Semiletka Fields on the Kola Peninsula, and the Bystrinskoye Field in the Trans-Baikal Territory.

Pursuant to the Russian laws, design documents on capital construction projects, including field development, must have a section describing the company's environmental protection and control initiatives to track changes across the ecosystem resulting from ongoing development, construction, or any accidents.

ENVIRONMENTAL PROTECTION AND MONITORING MEASURES TAKEN DURING THE FIELD LIFE CYCLE 304-3 MM1

The Company has field development, mine liquidation and land rehabilitation projects in place for all of its fields, with special reserves set up for rehabilitation activities. The projects provide for making layouts, slopes, hydraulic and irrigation structures, and taking other technical measures. Importantly, the Company's fields are in commercial development, exploration and production test stages with liquidation or abandonment not expected until 2050.

The Company complies with all applicable regulations for land rehabilitation and other environmental protection initiatives associated with field development, construction and other operations.

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The Company complies with all applicable regulations for land rehabilitation and other environmental protection initiatives associated with field development, construction and other operations.

Cooperation with nature reserves

Kola MMC is located 15 km from the Pasvik Nature Reserve and 10 km from the Lapland Biosphere Reserve, while Polar Division's sites are some 80–100 km away from the buffer zone of the Putoransky Nature Reserve. Bystrinsky GOK is located 160 km away from the Relict Oaks State Reserve (the Trans-Baikal Territory). At present, the Company's operations do not produce any significant impact on areas adjacent to the nature reserves and areas of high biodiversity value outside protected areas. 304-1 304-2

Taimyr Peninsula

The Putoransky State Nature Reserve, one of the biggest in Russia with a total area of over 1,887,000 ha, was included on the UNESCO world heritage list in 2010. The reserve is part of the Joint Directorate of Taimyr Nature Reserves, which also includes the Putoransky, Taimyrsky and Big Arctic reserves, as well as the Purinsky and Severozemelsky natural protected areas.

The Joint Directorate of Taimyr Nature Reserves is implementing environmental projects selected under Nornickel's World of New Opportunities charitable programme to support socially important initiatives. The projects focus on raising environmental awareness, environmental protection and engagement of local communities, land improvement and landscaping.

In 2017, we helped Taimyr nature reserves to organise environmental raids and transporting research groups to the outer field locations.

Disturbed and rehabilitated land area in 2017[1], ha 304-3 MM1

INDICATOR	TOTAL	INCLUDING			
		DURING MINING	DURING CONSTRUCTION	DURING DISPOSAL OF SOLID DOMESTIC AND INDUSTRIAL WASTE	DURING OTHER ACTIVITIES
Total disturbed area, beginning of period	14,722.38	13,102.36	366.62	66.36	1,187.04
Total rehabilitated area	0	0	0	0	0
Total disturbed area in the reporting period	167.54	105.11	62.43	0	0
Total disturbed area, end of period	**14,889.92**	**13,207.47**	**429.05**	**66.36**	**1,187.04**

[1] The difference of 324.68 ha against the year-end figure in the 2016 CSR Report is due to updated data for Norilskenergo.

Kola Peninsula

The Company cooperates with the Lapland and Pasvik Nature Reserves in several areas. The key ones are environmental monitoring and vegetation restoration in the vicinity of Kola MMC's production sites.

The Pasvik State Nature Reserve is featured as one of the Wetlands for the Shadow List of Ramsar Sites under the name of Fjarvann – Schaannings Field Base. It covers a total area of over 14,000 ha.

Since 2006, the Pasvik Nature Reserve has been carrying out an assessment of the natural environment in the area of Pechenganickel Plant (including Zapolyarny, Nickel and their suburbs, as well as the Pasvik State Nature Reserve), and developing a long-term environmental monitoring programme. The reserve is also working on several projects that received grants under the World of New Opportunities charitable programme. The projects seek to reach out to Russian and Norwegian audiences and cover a variety of topics, including traditional use of natural resources, raising environmental awareness of schoolchildren and promoting research.

On 17 January 2017, the reserve launched its visitor centre completed with the support from the Company, which marked the start of the Year of Environment in the Murmansk Region. 304-4

With an area of 278,000 ha, the Lapland State Nature Biosphere Reserve is one of the largest protected areas in Europe and also one of Russia's oldest nature reserves (founded in 1930). In 1985, it was included in the UNESCO Network of Biosphere Reserves.

In 2002, Kola MMC and the Lapland Biosphere Reserve signed contracts for the development of a methodology to reclaim disturbed natural environments in the areas affected by permanent emissions from Severonickel Plant and monitoring of the Monchegorsk District and the Lapland Biosphere Reserve.

The scientific research data provided a basis for further rehabilitation of disturbed lands and for sanitary and fire-protection improvements in the forest areas.

The Company also provided financial aid for the Lapland Biosphere Reserve to make a few new nature trails and publish books about Oleg Semyonov-Tyan-Shansky and Herman Kreps, the reserve founders.

Trans-Baikal Territory

The oak grove in the Gazimuro-Zavodsky District is Siberia's only grove of natural origin that has survived to the present day. The grove spans 30,000 ha and is located along the Argun River. As part of the agreement with the region's government, Nornickel provides financial aid in effectively protecting and exploring the ecosystems within the Relict Oaks State Reserve. Also, it plans to help put in place research facilities and run educational programmes for children and adults.

Impacts from transport operations

FLEET	TRANSPORTED PRODUCTS	SOCIAL AND ENVIRONMENTAL RESPONSIBILITY	OUTCOME
The Group's own fleet	Products of the Group companies Products procured to meet internal needs Commercial and social cargo	• Compliance with international conventions, codes, guidelines, Russian laws, regulations and requirements • Four freight-forwarding licences, all environmental permits in place • Multi-stage control from the Group companies, other transportation participants and supervisory bodies • Security and industrial health and safety management systems in place at facilities	No significant environmental impact produced by the Company's freight and personnel transportation
Fleet chartered by the Group's Metal Trade Overseas	Products of the Group companies	• Compliance of the fleet's environmental parameters with the requirements of international environmental conventions	

Raising environmental awareness in the Pasvik State Nature Reserve
Nornickel has provided funding to build the Pasvik Reserve's state-of-the-art visitor centre in the settlement of Nickel. Its area spans 840 sq m comprising a permanent environmental exposition and hosting ecological seminars and conferences, dedicated film screenings and workshops. The multifunctional centre also plays host to various environmental forums. The Company has partnered the reserve experts to raise environmental awareness in the Pechengsky District of the Murmansk Region, including by spreading the environmental knowledge, teaching children and adults how to care about nature, and promoting the sustainable nature-focused tourism.

Developing the Relict Oaks State Reserve
Nornickel has taken on a commitment to help develop the Relict Oaks State Reserve located in the Gazimuro-Zavodsky District of the Trans-Baikal Territory. This is a specially protected natural area stretching along the Russian-Chinese border. It spans across an area of 30,000 ha and features unique ecosystems that have remained untouched to the present day. Among them are the island woods with numerous rare and endangered relict Manchurian, Far Eastern and Boreal plant and animal species. The project provides for the construction of a special base for reserve rangers and scientists with all the required equipment and communications. The reserve will also host education events for children and adults.

Rescuing the endangered lesser white-fronted geese
The Company has been providing support for a long-term programme focusing on the research and protection of lesser white-fronted geese (the Anatidae family) listed on the Red Data Book. Scientists managed to learn more about the bird's distribution across the Taimyr Peninsula and even track its wintering grounds. The successful completion of seven research expeditions to the outlying parts of the Putorana Plateau helped collect valuable data on the habits of this rare goose and develop a strategy to protect this species. Thanks to the programme, Taimyr is now home to around 4,000 lesser white-fronted geese.

Let's Do It environmental marathon
The environmental marathon for the Company's employees is held on an annual basis. The marathon seeks to promote environmental responsibility and support the joint volunteering initiatives of the employees and the local communities aimed at preserving the natural heritage. The marathon's environmental teams are made up of Nornickel's eco-conscious employees from Moscow office, Kola MMC facilities, Polar Division and other subsidiaries of the Company. As part of the project, a total of 75 environmental campaigns and initiatives have been launched, and over 1,000 trees and bushes have been planted. Those initiatives included an ecological quest to revamp the nature trail in the Lapland Biosphere Reserve, construction of titmouse houses for the Putoransky Nature Reserve, and a Green Living Room event held in the Pasvik State Nature Reserve's visitor centre. In 2017 alone, over 3,500 volunteers took part in the project.

Environmental impact metrics of Norilsk Nickel Harjavalta

INDICATOR	2013	2014	2015	2016	2017
Industrial wastewater, '000 cubic meters	625	625	728	771	899
Pollutants in industrial wastewater, t					
Ni	0.5	0.4[1]	0.4	0.4	0.5
SO_4^{2-}	19,420	19,281	20,051	22,457	25,853
NH_4^+ (converted to nitrogen)	28.3	45	36	49.5	60.3
Total water consumption, mcm[2]	11.5	10.9	10.4	10.9	11.1
Total air pollutant emissions, t					
Ni	2.0	1.8	1.7	1.6	1.7
NH_3	80	50	70	70	69
Waste generation, kt	22.0	30.8	16.5	7.0	5.5
Waste disposal, kt	21.3	29.8	15.7	0.8	0.8

[1] Excluding 66,189 kg (Ni) discharged in July 2014 as Ni solution due to a heat exchanger failure at the reduction plant.
[2] Over 95% is water withdrawn from surface sources (Kokemaenjoki River).

Reproduction of aquatic bioresources
The Company provides annual financing for the projects to breed valuable fish species, including those listed on Russia's Red Data Book, and release them into natural water bodies. In 2017, the Company helped release over 316,000 Siberian sturgeon fingerlings into the Yenisey River, and 235,000 salmon fingerlings into the Umba River (Murmansk Region).

Impacts from foreign operations

Norilsk Nickel Harjavalta has all the necessary environmental permits and operates a certified integrated management system that meets the requirements of ISO 9001, ISO 14001 and OHSAS 18001. Its main environmental impact consists in the emissions of ammonia (NH_3) and nickel into the air, and discharges of nickel (Ni), sulphates (SO_4^{2-}) and ammonia ions (NH_4^+) into water bodies.

In 2017, Norilsk Nickel Harjavalta met all permit requirements for emissions, discharges and waste disposal volumes. Lower waste volumes result from switching to the Company's feedstock that is less contaminated with impurities as compared to third party materials.

Energy conservation and efficiency

Most of the Company's production facilities and workforce operate or live in the harsh Arctic climate. The fuel and energy block is an integral link in the production chain and a key element in providing adequate support to the households. 103-2

The Company's fuel and energy assets include:
- NTEK. The company supplies electric power, heat and water to Norilsk and all facilities in the Norilsk Industrial District. The energy sources include renewables (hydropower) and natural gas. By its location and operational mode, the company's local power grid is isolated from the national grid (Unified Energy System of Russia), which means stricter reliability requirements;
- Taimyrgaz. The company develops the Pelyatkinskoye Gas Condensate Field, the Taimyr Peninsula's largest hydrocarbon deposit.
- Norilskgazprom. The company produces gas in the Severo-Soleninskoye Gas Condensate Field, Yuzhno-Soleninskoye Gas Condensate Field, and Messoyakhskoye Gas Field.
- Norilsktransgaz. The company transports natural gas and condensate from Norilskgazprom's fields to consumers in the Norilsk Industrial District.
- Bystrinsk Electric Grid Company. The company was set up in 2015 as a construction management company under the investment project to build a power line to Bystrinsky GOK. In late 2017, the power grid facilities were formally transferred to FGC UES in accordance with the contract for the sale of the same.
- Arctic-Energo. The company is Kola MMC's default supplier based in Monchegorsk.

The Norilsk Nickel Group's total energy consumption 302-1 302-3

INDICATOR	UOM	2013	2014	2015	2016	2017
Fuel consumption	TJ	167,489	162,301	161,710	172,643	176,438
Coal	TJ	4,250	4,417	4,170	2,132	1,460
Natural gas	TJ	151,351	146,200	145,266	151,081	134,709
Diesel fuel and fuel oil	TJ	11,888	11,684	12,274	15,640	35,090
Gasoline and aviation fuel[3]	TJ	–	–	–	3,789	5,178
Electricity and heat consumption	TJ	75,219	82,978	77,356	65,221	61,963
Electricity consumption	TJ	44,499	45,100	42,943	32,530	32,355
Consumption of water and steam heat	TJ	30,720	37,878	34,413	32,691	29,609
Total energy consumption across the Group[4]	TJ	173,955	169,307	173,056	174,314	178,654
Energy intensity	GJ / RUB mln[5]	474	371	349	318	333

[3] Consolidated data have been calculated since 2016.
[4] Calculated as per the GRI methodology taking into account fuel consumption for all purposes, including electricity and heat generation by the Group's own CHPPs, energy procurement and sales internally and to third parties, and energy generation by HPPs.
[5] RUB mln of the consolidated revenue.

BIODIVERSITY CONSERVATION

Developing the Relict Oaks State Reserve in the Gazimuro-Zavodsky District.

This is a specially protected natural area stretching along the Russian-Chinese border. It spans across an area of 30,000 ha and features unique ecosystems that have remained untouched to the present day. Among them are the island woods with numerous rare and endangered relict Manchurian, Far Eastern and Boreal plant and animal species. The project provides for the construction of a special base for reserve rangers and scientists with all the required equipment and communications. The reserve will also host education events for children and adults.

The key documents governing the development of the fuel and energy assets are the Fuel and Energy Development Strategy and the Programme to Upgrade, Revamp and Replace the Norilsk Industrial District's Power Facilities through 2025.

For the purposes of implementing a uniform R&D policy and meeting the targets of the strategy for the fuel and energy assets, the Company has set up an Expert Committee on Energy, which forms a part of the Company's R&D Council and is chaired by the Senior Vice President – Head of Non-Industrial Assets and Energy Supply.

To achieve the fuel and energy development goals and objectives, the Company is running investment projects approved by the Investment Committee. In 2017, the Company continued to enhance the reliability of generating equipment, grid and gas transportation infrastructure and boost gas output.

The Ust-Khantaiskaya HPP is running a large-scale project to replace equipment in hydroelectric units, and launched a third one launched in 2017.

The Company made a decision to replace adjustable blade hydroelectric units that had been operating for over 40 years, in 2012. The new units boast better reliability and service life of at least 50 years.

Also, Nornickel developed Energy Saving and Energy Efficiency Programme for Polar Division approved by its Deputy CEO – Chief Engineer.

In 2017, the programme provided for the completion of an upgrade to compressor systems at Nadezhda Metallurgical Plant, and capital repairs of heating stations at Copper Plant. The Company continued rolling out energy efficient equipment across its other business units, including Mayak, Zapolyarny and Oktyabrsky mines, Talnakh and Norilsk Concentrators, and Kola MMC's units, and installing an automated commercial energy metering system.

Each year, the Company develops and implements organisational and technical action plans to save fuel, heat, power and water.

Anti-corruption

UN Global Compact Principles

Principle 10:
Businesses should work against corruption in all its forms, including extortion and bribery.

Preventing and fighting corruption

Nornickel's delivering on strategic goals is based on the trust and engagement of shareholders, investors, partners, employees, state, Russian and international business communities, and society in the Company's operations. Therefore, corruption of any nature is unacceptable. 103-2

The Company consistently builds the compliance framework focusing on priority anti-corruption areas, key actions and the role of the governance bodies.

In September 2017, the Board of Directors approved the revised Anti-Corruption Policy of MMC Norilsk Nickel that applies to the Company's representatives and contractors, including foreign public officials and officials of international public organisations. The respective responsibilities are stipulated in agreements made with contractors or expressly provided for by the applicable laws.

Russian companies in the Norilsk Nickel Group adopt and implement their own anti-corruption regulations that are in line with the Company's anti-corruption policy.

The Company takes all the necessary and reasonable steps to cause organisations in the corporate structure and located outside Russia, to comply with the key principles and requirements of the anti-corruption policy.

The Company assesses corruption risks on an annual basis, conducting quarterly risk monitoring. In 2017, corruption risk assessments were performed across all the Group's business units and companies. No confirmed incidents of corruption were identified. 205-1

PREVENTING AND FIGHTING CORRUPTION AT NORNICKEL

Regulation

- Anti-corruption laws of the Russian Federation and other countries where the Company operates
- Applicable international laws
- Anti-Corruption Charter of the Russian Business
- Anti-Corruption Policy of MMC Norilsk Nickel
- Business Ethics Code
- Directors' Code of Corporate Conduct and Business Ethics
- Regulation on the Prevention and Management of Conflicts of Interest in the Company
- Regulation on the Conflict of Interest Commission;
- Regulation on Business Gifts
- Standard anti-corruption agreement (appendix to the employment contract)
- Procedure for Anti-Corruption Due Diligence on Internal Documents at the Head Office of MMC Norilsk Nickel
- Information Policy Regulation, etc.

Responsibility

- **Board of Directors** – determining key strategic priorities in countering corruption and following up related activities
- **President** – organising measures set to meet the requirements and principles of the anti-corruption policy
- **Corporate Relations Department** – identifying and documenting risks related to corruption, developing and controlling risk management measures.
- **Corporate Trust Service** – providing prompt response to reports of violations, abuses and embezzlement
- **HR Services** – organising staff training on combating corruption
- **Corporate Security Unit** – checking counterparties and candidates to vacancies, responding to corruption incidents
- **Heads of the Group's branches and companies** – ensuring compliance with the principles and requirements of the Anti-Corruption Policy

Focus areas

- Prevention and management of conflicts of interest
- Anti-corruption due diligence of by-laws
- Counterparty due diligence to confirm their reliability, solvency and financial stability; anti-corruption clauses in contracts
- Procurement procedure
- Government cooperation, promotion of justice and the rule of law
- Recording and monitoring hospitality expenses, establishing criteria for acceptable business gifts
- Staff training in preventing and fighting corruption
- Awareness of the Company's corruption management policy among stakeholders

When recruited, all of the employees are familiarised with the corporate Anti-Corruption Policy and related regulations, and starting 2015, sign addenda to their employment contracts that set out anti-corruption responsibilities.
The Group has the e-learning course On Preventing Corruption in place for new employees. As at the end of 2017, the share of employees informed about the Group's existing corruption prevention policy exceeds 99%. In 2017, the dedicated training on the requirements and provisions of the corporate anti-corruption regulations was received by 2,093 people (2.79% of the Group's employees as at the end of 2017)[1]. 205-2

One of the key elements in preventing corruption is the timely prevention and resolution of conflicts of interest.
To disclose information about the conflict of interests, all candidates for vacant positions and employees in the cases set out in the by-laws, fill in the relevant declaration form. The Company also took steps to prevent possible conflicts of interests involving governance.
From December 2016, members of the Company's governance bodies are required to submit information on relatives and family annually.
All measures combined, undertaken in order to identify and prevent conflicts of interest, minimise the probability of negative consequences for the Company.

The Company's anti-corruption initiatives are regularly covered in corporate press releases. The Company maintains the Preventing and Fighting Corruption page on the corporate website www.nornickel.ru containing information on anti-corruption regulations adopted, measures taken, preventive procedures introduced, legal training sessions organised and law-abidance awareness among staff and counterparties.

To enhance the existing compliance procedures, in 2018, the Company plans to launch an anti-corruption induction training for new employees, to streamline business unit performance monitoring, counterparty due diligence control, review of by-laws and distance training in anti-corruption policy for personnel.

Corporate Trust Service

The Corporate Trust Service was established at Nornickel back in 2010 to ensure prompt response to reported violations, abuses and embezzlement.
The Service's geography covers all business units of the Company and Group companies. The Service is governed by the Procedure on the Corporate Trust Service of MMC Norilsk Nickel approved by the Company's President. Report statistics are submitted to the Audit and Sustainable Development Committee of the Board of Directors and the Company's operations on a quarterly basis. 102-17 103-2

The principles underlying the Corporate Trust Service include:
- guaranteed confidentiality for everyone who does not wish to disclose their personal data;
- independent consideration of reports;
- timely and unbiased consideration of all incoming reports irrespective of the position and employment period of the person mentioned therein.

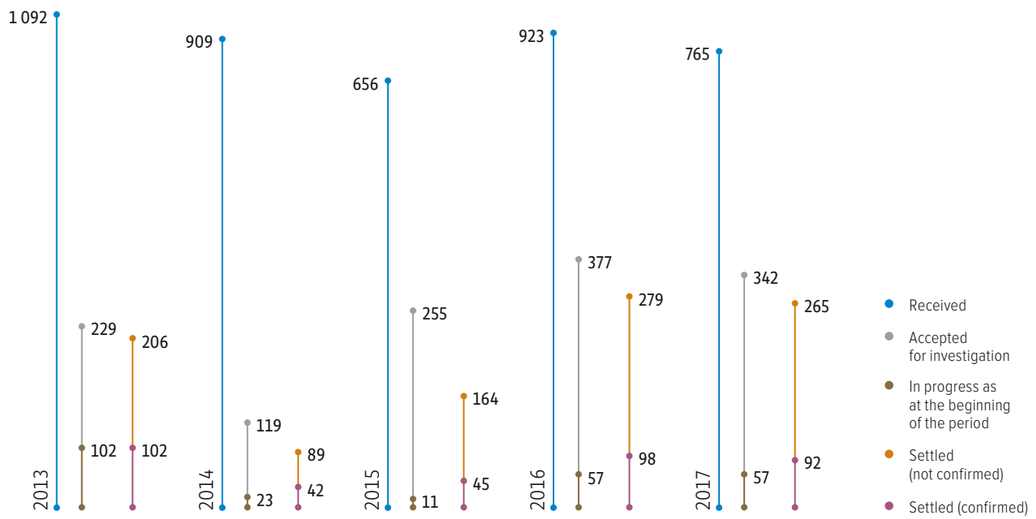
Nornickel's Corporate Trust Service: toll-free hotline available 24/7: +7 800 700 1941 and +7 800 700 1945, email: skd@nornik.ru.

Information about the Corporate Trust Service is posted on the Company's official website: www.nornickel.ru, intranet site, salary slips, calendars, posters with the Service's logo.

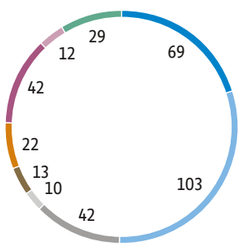
Any interested person may contact the Service. After a report is registered by an operator, the standard time until the investigation results are reviewed by the Head of the Service is 21 days except for reports that require immediate action or additional investigation.
If the report is found substantiated, an inspection is run, and if a violation is confirmed, measures are taken to correct the situation, eliminate any negative consequences, and notify functions and officials. Head of the Service has processing performance of incoming reports as their individual KPIs.

[1] Training and awareness campaign data in this section do not include PMSK incorporated in late 2017.

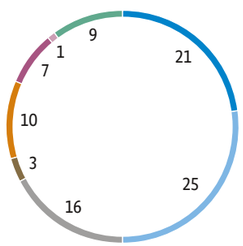
Corporate Trust Service reports management, items



Reports received in 2017, items (342 items in total) 102-44



Reports confirmed in 2017, items (92 items in total)



- Payroll abuses
- Production related abuses
- Technology and safety abuses (excluding environment)
- Corruption
- Commercial and contractual abuses
- Breaches of job descriptions
- Labour disputes
- Social issues
- Embezzlement

7 Regional development

106 Contributing to economic development

- **106** Budget payments
- **107** Employment of local population
- **108** Cooperation development

109 Developing infrastructure

112 Developing local communities

- **112** Charitable programmes
- **115** Corporate volunteer programm
- **115** Norilsk Development Agency
- **115** Support for sports projects
- **116** Support for cultural projects

117 Assessment of social programmes

118 Transport accessibility

THE COMPANY'S CONTRIBUTION TO THE DEVELOPMENT OF LOCAL COMMUNITIES 203-2

The Group's operations as a backbone of local economies

Contributing to economic development
- Budget payments
- Employment of local population
- Cooperation development
- Development of social infrastructure as part of the Group operations (power, transport, food retail)

Developing infrastructure
- Bridge reconstruction
- Land improvement
- Housing construction
- Construction and reconstruction of sports, cultural, entertainment and research facilities
- Provision of access to high-speed internet connection in Norilsk

Developing local communities
- Regular charitable programmes
- Support for sports and culture projects
- Corporate volunteering
- Vocational training sponsorship
- Norilsk Development Agency

Social and economic partnership agreements with the governments of the Krasnoyarsk Territory, Murmansk Region, Trans-Baikal Territory, Tver Region, Saratov Region and the city of Norilsk

Nornickel is one of the major employers and taxpayers in Russia[1]. The Company makes a significant contribution to the development of local communities by implementing a range of social programmes that address current and potential future issues.

The Company's key regions of operation in Russia include the cities of Norilsk and Monchegorsk, Taimyrsky Dolgano-Nenetsky Municipal District of the Krasnoyarsk Territory, Pechengsky District of the Murmansk Region, Tazovsky District of the Yamal-Nenets Autonomous Area, and Gazimuro-Zavodsky District of the Trans-Baikal Territory. Saratov hosts Nornickel's Shared Services Centre. In the Tver Region, the Company is engaged in the construction of housing for its employees under My Home and Our Home programmes. 103-2

[1] The information presented in this section refers to the Company's Russian operations.

Contributing to economic development

Budget payments

Changes in the tax and non-tax payments for 2017 were due to the higher income tax (on the back of increased revenue) and property tax (as a result of growing CAPEX), as well as the planned payroll budget increase.

Employment of local population

As the major employer across its footprint, the Company provides ample career guidance and job opportunities for local communities, including younger population groups.

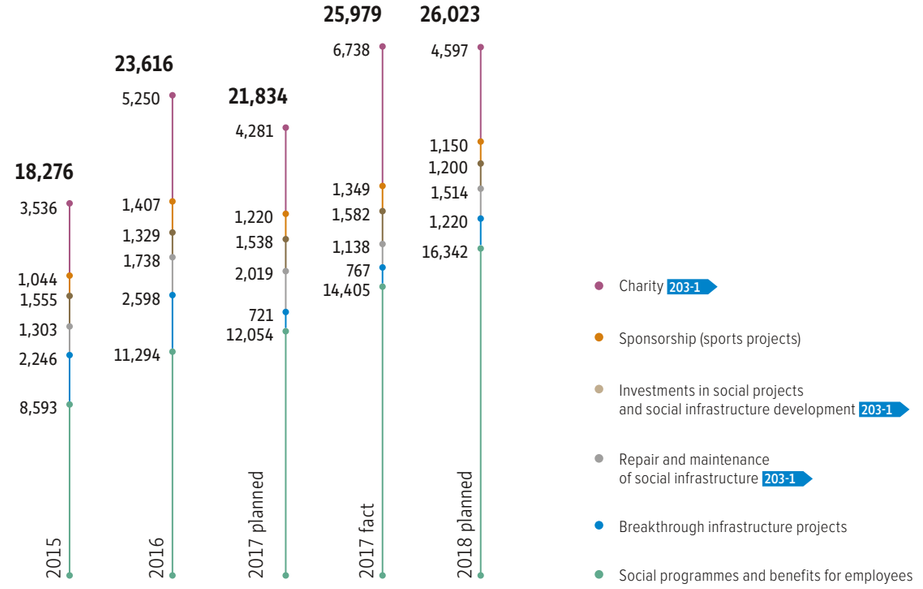
The main target audience of career guidance events are children and young people under 35 years old. The Company builds partnerships with educational organisations and engages young workers, while also providing robust support for engineering training and whipping up interest in engineering and blue-collar jobs.

To reduce unemployment, MMC Norilsk Nickel and Norilsk Employment Centre signed an agreement aimed at retraining those out of work for the most needed blue-collar jobs.

Tax and non-tax payments[2] to budgets of various levels, RUB bn

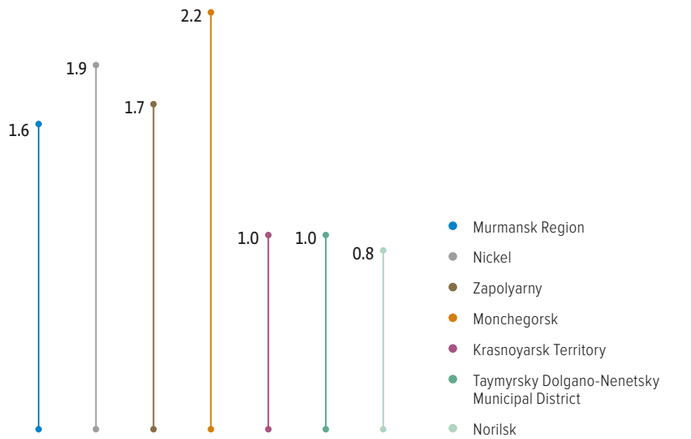
BUDGET	2013	2014	2015	2016	2017
Total tax and non-tax payments, including	72.3	79.2	88.7	91.5	100.3
federal budget	16.7	13.5	11.9	14.1	14.3
Krasnoyarsk Territory consolidated budget	28.8	37.1	43.6	41.6	47.8
budget of the city of Norilsk	3.7	4.1	5.5	4.7	5.0
Murmansk Region budget	5.7	7.0	8.2	7.8	8.2
Trans-Baikal Territory budget[3]	–	–	–	–	0.9

Financing of social, charitable and social infrastructure development programmes, RUB mln



[2] Tax and non-tax payments include all taxes paid, net of VAT and dividend income tax, as well as insurance payments and customs duties.
[3] Payments to the Trans-Baikal Territory budget have been shown separately since 2017.

Unemployment in key communities[1] , %



Cooperation development in figures

INDICATOR	ACROSS THE KRASNOYARSK TERRITORY	ACROSS THE MURMANSK REGION
Procurement tenders for goods and services held by the Company	1,704	808
Locally awarded procurements in the aggregate tenders held by the Company, %	58.6	39.5
The Group's procurement costs in the region, RUB mln	14,864.0	1,553.0
incl.		
for services	11,876.0	1,473.5
for physical resources	2,006.0	79.5
for food supplies	982.0	0.0

[1] As at the end of the reporting year.

Cooperation development

As part of its social and economic partnership agreements signed in 2009 and 2016, the Company has been cultivating cooperation with the companies of the Krasnoyarsk Territory and the Murmansk Region. Integration of local businesses into the Company's production chain (mainly through long-term contracts) makes a sizeable contribution to the development of the regions of operation.

Special attention is given to the support of small and medium enterprises. In 2017, the Company developed an appropriate policy, which summarises best practices in the realm of SME relations.

Podsolnukh store chain

The Podsolnukh store chain, a part of the Norilsk Nickel Group, takes its fair share of the retail market in the Norilsk Industrial District with nine stores, including one hypermarket. The SKU range of the chain includes socially significant goods (vegetables, fruit, grains, dairy products, meat, canned foods, eggs, sugar, etc.) that are offered at substantially lower prices than in other regional stores.

The Podsolnukh store chain welcomes from 10,000 to 12,000 people on a daily basis, with the annual consumer traffic in 2017 exceeding 4 million people. The average retail prices in the Podsolnukh store chain rose by less than 1% in 2017, which is notably lower than the official inflation rate.

Developing infrastructure

The Company is actively involved in the development and renovation of social infrastructure, looking to create accessible and comfortable environments for working and living in the regions. Nornickel sponsors improvements of public areas, supports construction and renovation of sports facilities, transport infrastructure and housing, and promotes development of educational infrastructure. The Company's expenses on key social infrastructure development projects in 2017 totalled some RUB 0.7 bn.

Second School Centre

In December 2017, Nickel saw the opening of the Second School Centre, a multifunctional space designed to encourage and support social and cultural projects developed by the residents of the Murmansk Region's Pechengsky District. With a wide variety of creative, self-improvement and socialising opportunities on offer, the centre serves simultaneously as an artist lab, an exhibition space and a platform for creativity training workshops, lectures, master classes, leisure activities and networking of both residents and guests of the Pechengsky District.

Key social infrastructure development projects in 2017

REGION	FOCUS AREA	PROJECTS
Krasnoyarsk Territory	Land improvements	• Landscaping along the Bazaikha River in Krasnoyarsk • Landscaping of the Dolgoye Lake embankment in Norilsk • Landscaping of a garden square in the Talnakh District of Norilsk • Landscaping for the celebration of Dudinka's 350th anniversary
	Sports	• Design of a multi-purpose sports and recreation centre for team sports in Norilsk • Renovation of the Arktika Sports Arena in Norilsk • Purchase of an inflatable indoor ice rink in Svetlogorsk, Krasnoyarsk Territory • Development of a golf field in Krasnoyarsk
	Education	• Establishment at the Siberian Federal University of The Sci-Tech Centre Operating as a Laboratory for the Development of a Dynamic QC System to Monitor the Extraction and Processing of Mineral Resources • Construction of Kvantorium, a children's high-tech park in Krasnoyarsk
	Transport	• Reconstruction of road bridges in Norilsk
	Housing	• Implementation of the Comfortable Taimyr project to construct housing in Tukhard, Taimyrsky Dolgano-Nentsky Municipal District
Murmansk Region	Sports	• Construction of an indoor sports facility for year-round football games and other sports in Monchegorsk • Construction of an ice hockey pavilion in Zapolyarny
	Education	• Establishment of the Second School, a cultural and educational centre in Nickel
Trans-Baikal Territory	Land improvements	• Reconstruction of Dekabristov Square in Chita
Yamal-Nenets Autonomous Area	Housing	• Housing construction in the inter-settlement areas of the Tazovsky District, etc.

HIGH-SPEED INTERNET CONNECTION IN NORILSK

Bringing high-speed internet connection to Norilsk came as a landmark IT event of 2017.

Before that, internet access had been provided through a satellite link. Construction of a Novy Urengoy-Norilsk fibre optic communication line worth some RUB 2.5 bn kicked off in 2014.

In September 2017, the Company started piloting the new communication line. The 40 Gbps line is 956 km long, with approximately 190 km running through a permafrost zone and 3.5 km beneath the Yenisey River. The launch of commercial operation is scheduled for Q2 2018.

This project did not only provide proto the high-speed internet for the Group but also served to raise living standards in the Norilsk Industrial District and improve the quality of state services provided under the existing government-sponsored initiatives, including the Portal of State Services, E-Government, Internet Connection for Every School, etc.

Access to the high-speed internet connection in Norilsk enabled the Company to install positioning and radio communications systems at Polar Division's mines.

The systems help pinpoint the location of personnel and vehicles deployed in the underground workings and provide real-time data on mine conditions enhancing the safety of underground workers.

Developing local communities

Charitable programmes

Nornickel's charitable strategy focuses on the creation of propitious conditions and opportunities for the sustainable development of local communities. The Company is committed to making its regions of operation attractive enough for the current and future employees and their families to live and work there.

Nornickel strives to offer the most efficient charity formats and approaches, with most of its charitable activities centring around the World of New Opportunities programme.

Partnership

In spring 2017, the Company launched the We Are the City! social technologies forum in Norilsk (Krasnoyarsk Territory) and Zapolyarny (Murmansk Region) to bring together representatives of local communities and share the trends and best practices in charity and volunteering, and also to demonstrate successful examples of addressing social issues. In the lead-up to the forum, locals got a chance to meet a wide range of interesting people and experts who shared their ideas on upbringing children, finding a way in life, personal development, etc. The forums were attended by some 2,000 residents of Norilsk and Zapolyarny.

The Company seeks to broaden local knowledge and skills contributing to the build-up of regional expertise. For the third year running, Nornickel organised a three-day 'social engineering' workshop for local activists that combined theoretical and practical aspects of generating and implementing ideas. In the span of three days, 138 participants from Norilsk, Dudinka, Monchegorsk and Zapolyarny developed and staged 12 city events reaching out to over 2,500 local residents.

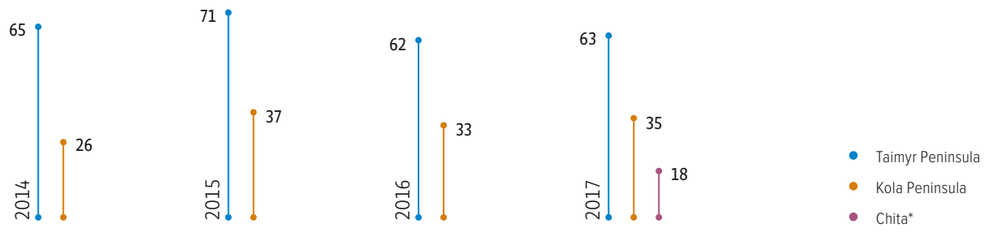
On the Company Day, Nornickel staged the We Are the City! PicNick event in Norilsk, Monchegorsk and Zapolyarny. PicNick is a festival «for a good cause» organised by local activists and participants of the World of New Opportunities programme (winners of the Socially Responsible Initiatives Competition and socially minded entrepreneurs) and the Plant of Goodness corporate volunteer programme. It was held as a street festival with a project fair, workshops and training sessions.

All events organised by the Company served to raise charity awareness and improve project management skills in local communities, while also encouraging joint projects between non-profit organisations, municipal authorities and businesses. In 2017, the Socially Responsible Initiatives Competition, which aims to support public initiatives, received 489 project bids, 116 of which were approved for funding. The grant fund totalled USD 125 mln.

Innovations

In autumn 2017, the Company staged Arctic Wave festivals of R&D discoveries in Norilsk and Monchegorsk to promote research and development among the youth, support creative engineering ideas and innovative thinking among schoolchildren, and demonstrate the latest scientific achievements. Interactive sessions, contests and scientific experiments of the largest R&D event in the Polar Region were held under the motto "Augment Reality". The festivals were attended by 4,500 children and adults.

Winning projects of the Socially Responsible Initiatives Competition



* Since 2017.

WORLD OF NEW OPPORTUNITIES CHARITABLE PROGRAMME

GEOGRAPHY

Krasnoyarsk Territory:
Norilsk and the Taymyrsky Dolgano-Nenetsky District

Murmansk Region:
Monchegorsk and the Pechengsky District

Trans-Baikal Territory:
Chita

GOAL

Creation of propitious conditions and opportunities for the sustainable development of local communities

PRINCIPLES

- Focus on the local communities
- Social partnership and public activity
- Competitive approach
- Openness, transparency and accountability
- Efficiency

OBJECTIVE 1

Support and promote public initiatives

OBJECTIVE 2

Develop social partnerships

OBJECTIVE 3

Promote new social technologies

OBJECTIVE 4

Foster social competencies among local communities

FOCUS AREA 1

Partnership – cooperation between the Company, authorities and local community in solving social issues of the regions

Components

- Academy for social partnership and development
- Socially Responsible Initiatives Competition
- We Are the City! social technologies forum
- We Are the City! social engineering workshop
- We Are the City! PicNick event

FOCUS AREA 2

Development – social investments in the regional development

Components

- Training in Social Entrepreneurship
- Investment Session following the completion of Social Entrepreneurship training

- Wide audience
- Schoolchildren, university students
- Schoolchildren

FOCUS AREA 3

Innovations – contribution to the development of human capital in the regions

Components

- All-Russian Science Festival in Krasnoyarsk
- FabLab R&D creativity laboratories in Norilsk and Monchegorsk
- Arctic.PRO R&D marathon
- ARCTIC WAVE festivals of R&D discoveries in Norilsk and Monchegorsk
- School of Urban Competencies

For the fourth year in a row, the Company organised the Arctic.PRO R&D marathon aiming to encourage R&D creativity, innovations in engineering and thirst for knowledge among children and young people. In 2017, some 1,300 students aged 12 to 15 took part in the marathon, while 20 children attended the Winter R&D School in Kazan.

For the third consecutive year, Nornickel became the general partner of the All-Russian Science Festival hosted by Krasnoyarsk. It was the first Russian science festival to feature the City of Discoveries. City of Professions programme giving Krasnoyarsk high school students an opportunity to take a career guidance test, have their interests and skills analysed and receive recommendations on professional development.

The career guidance programme was built around several areas of interest, including Biological Engineering, Medicine and Healthcare, Taiga, Digitalisation in Humanities, IT, Communications and Aerospace Engineering, and Energy, Engineering and Architecture, each featuring interactive presentations made by local universities and businesses, along with a series of dedicated lectures. Some 15,000 students attended the two-day festival.

School of Urban Competencies is a joint project of Nornickel and Alexei Kudrin's Committee of Civil Initiatives aimed at the development of social competences among schoolchildren who represent the next generation of urban residents. In 2017, 60 school teams participated in public hearings presenting their urban environment improvement concepts and strategies. As part of the Socially Responsible Initiatives Competition, participants developed and submitted 13 social projects in the special New Pole nomination for schoolchildren, with ten of the said projects winning implementation grants of RUB 100,000 each.

Development

In spring, 12 social business projects were presented at the Investment Session, with five projects approved for funding in the form of interest-free loans worth USD 2.12 mln. Eight projects developed by the Social Entrepreneurship trainees were launched without the Company's financial support. Also, two clubs for social entrepreneurs are up and running.

With the backing from Nornickel, Murmansk hosted the Franchising as a Tool to Boost Distribution and Service conference and a Franchise Fair. The participants discussed development potential of franchising and the commercial real estate market, use of global best practices in creating trading and hospitality infrastructure, and logistic solutions, while also attending a presentation of franchises used in trade, service, healthcare and other industries.

In 2017, Norilsk hosted the first Convention of Social Entrepreneurs from the North which provided a platform to discuss trends, prospects and measures to support social entrepreneurship in the Polar regions and analyse relevant national and international best practices. In the lead-up to the Convention, experts and participants from other regions had an opportunity to take part in the Entrepreneurial Norilsk quest to learn more about social entrepreneurship in Norilsk.

In 2017, an independent survey was commissioned to assess the Company's charitable programme, with over one hundred participants of the Socially Responsible Initiatives Competition interviewed and polled. The assessment focused on the programme's efficiency, its results, and also monitoring and evaluation of the financed projects.

Excerpts from an independent report assessing the World of New Opportunities charitable programme:

- *"The World of New Opportunities programme made a significant contribution to the enhancement of the social commitment of the communities and organisations in the cities of the Company's operations."*
- *"Respondents noted a number of positive changes that were, partially or entirely, driven by the World of New Opportunities programme: (...) the number of people (young residents) engaged in the public life of the city has increased as compared to before 2013."*

Targeted charitable support

The Company continued providing targeted charitable donations in response to special requests from organisations. In 2014, Polar Division and Kola MMC set up dedicated charity committees to review such organisations' applications. Certain donations also get approved by the Company's management. The Company supports entities dealing with vulnerable groups of population (veterans of World War II, disabled people, multi-child families, children with special needs, financially disadvantaged citizens) and finances the participation of local non-profit organisations and institutions in various sports competitions, creativity contests, etc.

In 2017, Polar Division and Kola MMS donated a total of RUB 337.7 mln for the purposes of targeted charity support.

Vocational training sponsorship

Every year Polar Division provides financial support to Norilsk's institutions of secondary and higher vocational education by buying books and specialised equipment for students, contributing to the maintenance works, and thus improving the quality of training. The Company primarily focuses on the training of specialists for the most in-demand jobs.

Cooperation with Nornickel helped the Polytechnic College of the Norilsk State Industrial Institute get high scores from the independent expert community and win a prize in the 100 Best Russian Vocational Training Schools competition. The competition brought together education institutions from 55 Russian regions to assess their procurement and training arrangements.

Corporate volunteer programme

Volunteering is a vital part of the Company's corporate culture, as it helps to identify and develop employee competencies that are indispensable for the purposes of sustainable development – namely, mobility, responsibility and leadership. In two years since the launch of the Plant of Goodness corporate volunteer programme, over 100 charitable events were staged in Moscow, Norilsk and on the Kola Peninsula. In 2017, the programme expanded its coverage to include Chita.

Volunteers participate in environmental initiatives (for example, clean-up campaigns), master classes and other training events, hospital clowning, charity runs, performances and fairs. In addition, the Company put in place an Employees' Personal Donation Programme.

In 2017, the Plant of Goodness won prizes in several prominent Russian and international competitions receiving acclaims from the expert community.

Norilsk Development Agency

Successes of the Company's regional social policy led to the establishment of the Norilsk Development Agency in April 2017. The Agency's mission is to lay the foundation for the accelerated development of the city's service economy as a way to improve Norilsk's living standards and promoting local products and services in external markets. This is a long-term partnership project of Nornickel, the Norilsk municipal authorities and Vladimir Potanin Foundation.

The Agency's key focus areas are as follows:

- Business (Norilsk: the city of developed service economy);
- Development (Norilsk: the city of modern selling spaces);
- Tourism (Norilsk: the city of tourists);
- Social and Cultural Projects (Norilsk: the city of rich social and cultural life).

In August 2017, the Norilsk Development Agency hosted a foresight session where experts, authorities and non-profit organisations discussed the Agency's priorities, with a roadmap developed based on the analysis.

The 2017 highlights include building partnerships with Russian and international development institutions and SME experts, embarking on the marketing research, kick-starting the City Creator project to discuss urban issues through lectures and workshops, and launching the https://www.arnorilsk.ru website.

Support for sports projects

In addition to running sports programmes for the employees, Nornickel sponsors major Russian and international sports organisations and provides financing for upgrades of sports facilities, construction of sports schools and playgrounds, and promotion of physical education and mass sports.

As a Partner of the Russian Olympic Committee and the Russian Olympic team (team of Olympic Athletes from Russia), Nornickel supports youth and high performance sports, including by encouraging the implementation of Olympic educational programmes developed by the Russian International Olympic University.

Nornickel is an official partner of the Russian Football Union and Russia's national football team, a general sponsor of the CSKA professional basketball club and the Norilsk Nickel futsal club, and a general partner of the Russian Futsal Association. The Company also supports the Russian Curling Federation and the Night Hockey League, Russia's leading amateur sports organisation in charge of the Russian National Ice Hockey Festival for amateur teams.

In 2017, Nornickel and the All-Russian Federation of DanceSport and Acrobatic Rock'n'Roll started cooperation to support and promote these two sports. One of the partnership's objectives is to establish an acrobatic rock'n'roll club in Norilsk.

XXIX International Winter Universiade in Krasnoyarsk

As a General Partner of the 2019 International Winter Universiade in Krasnoyarsk, the Company keeps on track with preparations for this upcoming international sports event in accordance with the agreement signed in 2015. The projects under implementation include:

- large-scale upgrade of the Bobrovy Log Fun Park;
- creation of a landscaped park area along the Bazaikha River in Krasnoyarsk;
- sponsorship of trainings for mid- and top-level managers and volunteers involved in the preparation for the Winter Universiade;
- promotion of the 2019 Winter Universiade in the media.

Support for the 2019 Winter Universiade will contribute to the upgrade of sports facilities, enhancement of the international profile of Krasnoyarsk and the Krasnoyarsk Territory, promotion of healthy lifestyles, increase in the popularity of mass sports and improvement of living standards in the Krasnoyarsk Territory.

According to the current estimates, the Company will spend nearly RUB 2 bn on the preparation and holding of the 2019 Winter Universiade.

International University Sports Federation

Nornickel is a partner of the International University Sports Federation (FISU) supporting the development of the international university sports movement. The first-ever international forum of the Federation – FISU Volunteer Leaders Academy – was organised in July 2017 with the backing from Nornickel and was attended by leaders of volunteering associations from over 90 FISU member states, as well as university sports delegations and officials.

The forum was held in the run-up to the XXIX International Winter Universiade in Krasnoyarsk to facilitate communication between volunteers and national university sports federations, and share knowledge and experience in staging large international sports events. The experience and knowledge obtained by the volunteers will be successfully put to use during the 2019 Winter Universiade in Krasnoyarsk and make a significant contribution to the development of Krasnoyarsk and the Krasnoyarsk Territory.

Support for cultural projects

Cultural projects are an integral part of the Company's general strategy to improve the quality of life across the regions of operation. Not only does the Company hold corporate events and competitions attracting tens of thousands of employees and their families each year, but also supports prominent all-Russian cultural projects. In 2017, the Company supported the following projects:

- Attraction of Taimyr Arctic festival seeking to protect the cultural heritage of indigenous northern minorities (Dudinka);
- Russian Feast exhibition to celebrate the 350th anniversary of Dudinka and the 80th anniversary of the Dudinka port. This exhibition marked the beginning of a three-year project of the Company dedicated to the Russian North and designed to celebrate the 100th anniversary of the Norilsk deposit discovery;
- Exhibition of Modern Art – Sputnik over Monchegorsk. Space in the Works by Artists of the 20th Century;
- Summer on the Putorana Plateau photo exhibition held across Polar Division;
- OBJECTIVE Charity photo exhibition run by the Donors Forum (the Association of Sponsoring Organisations);
- Trans-Baikal International Film Festival (Chita);
- International Documentary Cinema Festival and Marathon Nordic Character (Norilsk, Monchegorsk);
- International Poetry Festival Taburetka (Monchegorsk);
- Golden Mask Festival (Norilsk, Dudinka);
- Festival of Northern Berries (Norilsk);
- Siberian Primrose Flower Festival (Krasnoyarsk) and other cultural events.

Since 2013, MMC Norilsk Nickel and the Severny Gorod Media Company have been promoting the Concentrator lecture club. Russian and international experts, world-renowned scientists, sociologists, politicians, businessmen and journalists deliver public lectures for the Norilsk residents.

In 2017, Media School of Igor Popov established with support from Nornickel and the Severny Gorod Media Company became the winner of the Champions of Goodness contest run by the Russian Managers Association. The organisers praised the School's valuable contribution to career guidance as it helps secondary school graduates make an informed decision to study journalism, PR, or advertising at university.

Assessment of social programmes

Nornickel's strong social and environmental commitment involves a framework of social programmes and benefits that goes far beyond the minimal statutory programmes required by law. Nornickel designs and delivers social programmes and benefits with due account of stakeholder opinions and the results of the comprehensive analysis of the current situation and potential impact. 103-2 103-3

Study of the satisfaction level with respect to My Home and Our Home social programmes at Polar Division

The results of the 2017 survey were reviewed by the Company's dedicated units and the Senior Vice President for HR, Social Policy and Public Relations. These served as the basis for introducing amendments to the current by-laws, including other enterprises in the housing programmes, and improving the programmes' flexibility with subsidised mortgage loans.

Transport accessibility

Nornickel's reliable state-of-the-art transport infrastructure successfully responds to freight logistics challenges, ensures continuity and sustainability of operations, and well-being of local communities.

Yenisey River Shipping Company transports socially important cargoes to various destinations across the Krasnoyarsk Territory. During the short period of spring floods, it delivers fuels and lubricants, food and other goods to locations with limited transport accessibility on the Podkamennaya and Nizhnyaya Tunguska rivers and in other areas, including Dikson, Russia's northernmost settlement. YRSC accounts for over 90% of the Northern Supply Haul programme running in the Krasnoyarsk Territory. The shipping company operates its own search and rescue fleet and takes part in emergency response missions on internal water routes of the Yenisey Basin.

Local shipping between different locations along the Yenisey river is carried out by dry cargo vessels of MMC Norilsk Nickel's Krasnoyarsk Transportation Branch. They deliver socially important goods from Dudinka shipping agricultural products as their return cargo and carry cargoes for the Russian Emergency Situations Ministry to deal with emergencies.

In 2017, Nornickel completed one of the largest investment projects to develop the Arctic's transport infrastructure. Murmansk Transport Division saw the new transfer terminal doubling the throughput of Murmansk Sea Port.

Bystrinsky Transport Division is responsible for the operation and maintenance of the 227 km Naryn (Borzya) — Gazimursky Zavod railway line (Trans-Baikal Territory).

The destinations covered by the NordStar air carrier include more than 30 Russian and CIS cities. The airline offers regular and charter flights and transports passengers to interregional budget subsidised destinations selling tickets at reduced tariffs.

Norilsk Avia is the only air operator that is capable of responding to both industrial and social emergencies in the region (the Norilsk Industrial District and Taimyrsky Dolgano-Nenetsky Municipal District). The Company satisfies the demand for regional traffic, including emergency ambulance flights as part of search and rescue operations spanning up to 280 km from the Norilsk Airport. Relevant regulations require this as a condition for all air transportation in the region, including long-haul flights.

As part of the 2010–2020 Federal Russian Transport Development Programme and the Memorandum of Intent signed between the Federal Air Transport Agency and MMC Norilsk Nickel, the Company continued the project to reconstruct the Norilsk Airport ("Alykel"). In 2017, the Company's contribution to the project exceeded RUB 900 mln. In 2018–2019, another RUB 1.4 bn will be allocated. With a total programme budget of RUB 3.3 bn since 2014, it is viewed as a centrepiece of Russia's Arctic Zone development project and is vital for seamless air service for passengers in the Norilsk Industrial District. A distinctive feature of this project is the reconstruction is ongoing without closing the airport, or interrupting flights.

TRANSPORT ACCESSIBILITY

The Company's transportation and logistics assets include:

- own sea fleet:
  6 ice-class vessels;
- own river fleet: 555 vessels
  (including 164 self-propelled vessels and 391 towed vessels);
- own rail car and locomotive fleet:
  118 container flatcars, 1 switch locomotive,
  1 Yermak electric locomotive, 1 2M62 diesel locomotive;
- aircraft fleet: 18 helicopters operated by Norilsk Avia

8

Appendices

122 **Appendix 1**
GRI content index

128 **Appendix 2**
Scope of data collection

130 **Appendix 3**
Map of material GRI topics (aspects)

132 **Appendix 4**
GRI Indicators

- **132** Environmental Performance Indicators
- **137** Social performance

138 **Appendix 5**
List of abbreviations

140 **Appendix 6**
Awards and accolades

142 **Appendix 7**
Opinion of the RSPP Council on Non-Financial Reporting

146 **Appendix 8**
Independent Assurance Report

Appendix 1. GRI content index[1] 102-55 102-56

GRI STANDARD	NUMBER OF INDICATOR	PAGE	EXCLUDED INFORMATION/COMMENTS	UN SUSTAINABLE DEVELOPMENT GOAL
GRI 101: Foundation (2016)				
GRI 102: General Disclosures (2016)	**Organisational Profile**			
	102-1	10	–	–
	102-2	10, 53	–	–
	102-3	148	–	–
	102-4	11, 54	–	–
	102-5	40	–	–
	102-6	54	–	–
	102-7	8	Consolidated financial statements for the year 2017 https://www.nornickel.ru/investors/reports-and-results/#2017	–
	102-8	8, 67	–	8
	102-9	49	–	–
	102-10	11, 40	Consolidated financial statements for the year 2017 https://www.nornickel.ru/investors/reports-and-results/#2017	–
	102-11	84	–	–
	102-12	19	–	–
	102-13	19	–	–
	Strategy			
	102-14	4	–	–
	102-15	37	–	–
	Ethics and integrity			
	102-16	22	–	16
	102-17	102	Business Ethics Code https://www.nornickel.ru/files/ru/corporate_documents/policies/kodeks-delovoj-ehtiki.pd	–
	Governance			
	102-18	31, 34	–	–
	102-19	32	–	–
	102-20	31, 34	–	–
	102-21	32	http://csr2016.nornik.ru/management/#corporate-governance G4-37	–
	102-22	–	Annual Report 2017 https://www.nornickel.ru/investors/reports-and-results/#2017	5, 16
	102-23	–	Annual Report 2017 https://www.nornickel.ru/investors/reports-and-results/#2017	16
	102-24	–	Sustainability Report 2017 https://www.nornickel.com/sustainability/reporting/2017, page 36	5, 16

[1] The extended GRI content index incuded in the Report's interactive version gives details on the disclosure of RSPP Reference Performance Indicators and aspects specified in ISO 26000:2010 and GOST R ISO 26000-2012.

GRI STANDARD	NUMBER OF INDICATOR	PAGE	EXCLUDED INFORMATION/COMMENTS	UN SUSTAINABLE DEVELOPMENT GOAL
	102-25	32	Annual Report 2017 https://www.nornickel.ru/investors/reports-and-results/#2017	16
	102-26	30	–	–
	102-27	32	–	4
	102-28	32	Annual Report 2017 https://www.nornickel.ru/investors/reports-and-results/#2017	–
	102-29	32	–	16
	102-30	37	–	–
	102-31	32	–	–
	102-32	Front page overleaf	–	–
	102-33	32	–	–
	102-34	32	–	–
	102-35	32, 33	–	–
	102-36	32, 33	–	–
	102-37	33	–	16
	102-38	–	Not disclosed for personal data protection reasons	–
	102-39	–		–
	Not disclosed for personal data protection reasons			
	102-40	40	–	
	102-41	42	–	8
	102-42	40, 43	–	–
	102-43	40, 47	–	–
	102-44	43, 103	–	–
	Reporting practice			
	102-45	–	Consolidated financial statements 2017 https://www.nornickel.ru/investors/reports-and-results/#2017	–
	102-46	47, 128, 130	As regards GRI compliance, the Company fully met the requirements of GRI 101	–
	102-47	130		
	102-48	Front page overleaf	The most significant formal change from 2016 is that Nornickel's assets located in the Trans-Baikal Territory are now accounted for separately from the Company's other operations.	–
	102-49	Front page overleaf	None	–
	102-50	Front page overleaf	–	–
	102-51	–	June 2017	–
	102-52	–	Annual	–
	102-53	148	–	–
	102-54	Front page overleaf	–	–
	102-55	122	–	–
	102-56	122, 142, 146	–	–

GRI STANDARD	NUMBER OF INDICATOR	PAGE	EXCLUDED INFORMATION/COMMENTS	UN SUSTAINABLE DEVELOPMENT GOAL
Economic performance				
GRI 103: Management Approach 2016	103-1	128, 130	GRI 201: Economic Performance (2016)	–
	103-2	26, 38	–	1, 5, 8, 16
	103-3	36, 140	–	–
GRI 201: Economic Performance (2016)	201-1	39	–	2, 5, 7, 8, 9
	201-2	–	Risks posed by climate change are not measured financially	13
	201-3	75	–	–
	201-4	–	The Group did not receive significant government grants for the 12 months ended 31 December 2017	–
Market presence				
GRI 103: Management Approach 2016	103-1	128, 130	See also the interactive version of this report, Appendix 2	–
	103-2	26, 102	–	1, 5, 8, 16
	103-3	36, 140	–	–
GRI 202: Market Presence (2016)	202-1	73	–	1, 5, 8
	202-2	70	–	8
Indirect economic impacts				
GRI 103: Management Approach 2016	103-1	128, 130	See also the interactive version of this report, Appendix 2	–
	103-2	26, 102, 106	–	1, 5, 8, 16
	103-3	36, 43, 140	–	–
GRI 203: Indirect Economic Impacts (2016)	203-1	107	–	–
	203-2	106	–	–
Anti-corruption practices				
GRI 103: Management Approach 2016	103-1	128, 130	See also the interactive version of this report, Appendix 2	–
	103-2	26, 100, 102	–	16
	103-3	36, 140	–	–
GRI 205: Anti-corruption (2016)	205-1	102	–	16
	205-2	102	–	16
	205-3	–	None	16
Energy				
GRI 103: Management Approach 2016	103-1	128, 130	See also the interactive version of this report, Appendix 2	–
	103-2	26, 85, 97	–	16
	103-3	36, 140	–	–
GRI 303: Energy (2016)	302-1	97, 136	–	–
	302-2	–	Reporting not required by law	7, 8, 12, 13
	302-3	97	–	7, 8, 12, 13
	302-4	–	Annual Report 2017 https://www.nornickel.ru/investors/reports-and-results/#2017	7, 8, 12, 13
	302-5	–	Not applicable to the Company's products	7, 8, 12, 13
Water				
GRI 103: Management Approach 2016	103-1	128, 130	See also the interactive version of this report, Appendix 2	–
	103-2	26, 85, 90, 102	–	16
	103-3	36, 140	–	–
GRI 303: Water (2016)	303-1	132	–	6
	303-2	132	–	6
	303-3	134	–	6, 8, 12

GRI STANDARD	NUMBER OF INDICATOR	PAGE	EXCLUDED INFORMATION/COMMENTS	UN SUSTAINABLE DEVELOPMENT GOAL
Biodiversity			–	–
GRI 103: Management Approach 2016	103-1	128, 130	See also the interactive version of this report, Appendix 2	–
	103-2	26, 85, 93, 102	–	16
	103-3	36, 140	–	–
GRI 304: Biodiversity (2016)	304-1	94	–	6, 14, 15
	304-2	94	–	6, 14, 15
	304-3	94	–	6, 14, 15
	304-4	95	–	6, 14, 15
–	MM1	94	–	3, 12, 14, 15
–	MM2	–	There are no such sites	6, 14, 15
Emissions				
GRI 103: Management Approach 2016	103-1	128, 130	See also the interactive version of this report, Appendix 2	–
	103-2	26, 85, 102	–	16
	103-3	36, 140	–	–
GRI 305: Emissions (2016)	305-1	90	–	3, 12, 13, 14, 15
	305-2	–	Reporting not required by law	3, 12, 13, 14, 15
	305-3	–		3, 12, 13, 14, 15
	305-4	90	–	13, 14, 15
	305-5	–	Calculation not required by law	13, 14, 15
	305-6	90	Negligible emissions	3, 12, 13
	305-7	89, 134	–	3, 12, 13, 14, 15
Effluents and waste				
GRI 103: Management Approach 2016	103-1	128, 130	See also the interactive version of this report, Appendix 2	–
	103-2	26, 85, 92, 102	–	16
	103-3	36, 140	–	–
GRI 306: Effluents and waste (2016)	306-1	91, 134	–	3, 6, 12, 14
	306-2	92, 134	–	3, 6, 12
	306-3		None	3, 6, 12, 14, 15
	306-4	–	There is no such waste or waste transportation	3, 12
	306-5	132	–	6, 15
Environmental Compliance				
GRI 103: Management Approach 2016	103-1	128, 130	See also the interactive version of this report, Appendix 2	–
	103-2	26, 40, 85, 102	–	16
	103-3	36, 140	–	–
GRI 307: Environmental Compliance (2016)	307-1	40, 85	–	16
Supplier environmental assessment				
GRI 103: Management Approach 2016	103-1	128, 130	See also the interactive version of this report, Appendix 2	–
	103-2	52	–	16
	103-3	36, 140	–	–
Employment				
GRI 103: Management Approach 2016	103-1	128, 130	See also the interactive version of this report, Appendix 2	–
	103-2	26, 42, 67, 102, 117	–	16
	103-3	36, 42, 67, 117	–	–

GRI STANDARD	NUMBER OF INDICATOR	PAGE	EXCLUDED INFORMATION/COMMENTS	UN SUSTAINABLE DEVELOPMENT GOAL
GRI 401: Employment (2016)	401-1	67	–	5, 8
	401-2	137	–	8
	401-3		No data on the number of employees that took parental leave, number and share of employees that returned to work after parental leave ended, by gender, and retention rates due to the lack of centralised records	5, 8
Occupational health and safety				
GRI 103: Management Approach 2016	103-1	128, 130	See also the interactive version of this report, Appendix 2	–
	103-2	26, 42, 67, 79, 102	–	16
	103-3	36, 42, 67, 140	–	–
GRI 403: Occupational Health and Safety (2016)	403-1	80	–	8
	403-2	82	No breakdown of injury rates by gender due to the lack of centralised records	3,8
	403-3	83	–	3, 8
	403-4		–	8
Training and education				
GRI 103: Management Approach 2016	103-1	128, 130	See also the interactive version of this report, Appendix 2	–
	103-2	26, 42, 67, 70, 102	–	16
	103-3	36, 42, 67, 117, 140	–	–
GRI 404: Training and Education (2016)	404-1	70	No breakdown by gender due to the lack of centralised records	4, 5, 8
	404-2	70	–	8
	404-3	36	–	5, 8
Freedom of association and collective bargaining				
GRI 103: Management Approach 2016	103-1	128, 130	See also the interactive version of this report, Appendix 2	–
	103-2	26, 42, 67, 102	–	5, 8, 16
	103-3	36, 42, 67, 140	–	–
GRI 407: Freedom of Association and Collective Bargaining (2016)	407-1	–	None	8
Indigenous rights				
GRI 103: Management Approach 2016	103-1	128, 130	See also the interactive version of this report, Appendix 2	–
	103-2	62, 102	–	1, 5, 8, 16
	103-3	36, 140	–	–
GRI 411: Rights of Indigenous Peoples (2016)	411-1	–	None	2
–	MM5	–	The Group does not have any formal arrangements with indigenous northern minorities	1, 2
Local communities				
GRI 103: Management Approach 2016	103-1	128, 130	See also the interactive version of this report, Appendix 2	–
	103-2	26, 102, 106	–	1, 5, 8, 16
	103-3	36, 140	–	–
GRI 413: Local Communities (2016)	413-1	–	Such programmes are implemented in 4 out of 77 (5.2%) Group entities operating in Russia (the Company's Head Office, Kola MMC, Polar Division, and Nornickel – Shared Services Centre) within the report boundaries	–
	413-2	85	–	1, 2
–	MM6	63	None	1, 2
–	MM7	–	No disputes	1, 2

GRI STANDARD	NUMBER OF INDICATOR	PAGE	EXCLUDED INFORMATION/COMMENTS	UN SUSTAINABLE DEVELOPMENT GOAL
Supplier social assessment				
GRI 103: Management Approach 2016	103-1	128, 130	See also the interactive version of this report, Appendix 2	–
	103-2	52	–	5, 8, 16
	103-3	36, 140	–	–
Public policy				
GRI 103: Management Approach 2016	103-1	128, 130	See also the interactive version of this report, Appendix 2	–
	103-2	26, 43	–	5, 8, 16
	103-3	36, 140	–	–
GRI 415: Public Policy (2016)	415-1	–	None	16
Socioeconomic compliance				
GRI 103: Management Approach 2016	103-1	128, 130	See also the interactive version of this report, Appendix 2	–
	103-2	26, 40	–	5, 8, 16
	103-3	36, 140	–	–
GRI 419: Socioeconomic Compliance (2016)	419-1	40	–	16
Emergency preparedness				
GRI 103: Management Approach 2016	103-1	128, 130	See also the interactive version of this report, Appendix 2	–
	103-2	26, 83	–	16
	103-3	36, 140	–	–
–	MM3	92	–	3, 6, 12
Closure Planning				
GRI 103: Management Approach 2016	103-1	128, 130	See also the interactive version of this report, Appendix 2	–
	103-2	106	–	1, 5, 8, 16
	103-3	36, 140	–	–
–	MM10	–	The IFRS financial statements reflect a decommissioning provision for Polar Division, Kola MMC, GRK Bystrinskoye, North Chrome Company, Pechengastroy, Taimyrgaz, and Norilsk Nickel Harjavalta (9% of the Group's operations within the report boundaries). As at 31 December 2017, this provision stood at RUB 24,336 m.	–

Appendix 2. Scope of data collection[1] 102-46 103-1

GRI TOPICS	MMC NORILSK NICKEL'S HEAD OFFICE	FOREIGN ASSETS[2]	EXPLORATION	PRODUCTION	RESEARCH AND DEVELOPMENT	SUPPORT FUNCTIONS	OTHER BUSINESS UNITS OF THE GROUP	FUEL AND ENERGY	TRANSPORT AND LOGISTICS
Economic performance [3]	■	■	■	■	■	■	▒	▒	▒
Market presence [4]	■		▒	■		▒	▒	▒	▒
Indirect economic impacts	■			▒			▒	▒	▒
Energy [5]			▒	■	■	■	▒	▒	▒
Water			▒	■		▒	▒	▒	▒
Biodiversity				■			▒	▒	
Emissions			▒	▒	■	▒	▒	▒	▒
Effluents and waste			▒	■	■	▒	▒	▒	▒
Environmental compliance	■	■	■	■	■	■	■	■	■
Supplier environmental assessment			▒	■		▒	▒	▒	▒
Employment [6]	■	■	■	■	■	■	■	■	■
Occupational health and safety	■	■	▒	■	■	■	▒	▒	▒
Training and education [7]	■	■	■	■	■	■	■	■	■
Freedom of association and collective bargaining	■	■	■	■	■	■	■	■	■
Indigenous rights								▒	▒
Local communities	■	■	■	■	■	■	■	■	■
Anti-corruption	■	■	■	■	■	■	■	■	■
Assessment of suppliers and contractors by social criteria			▒	■		▒	▒	▒	▒
Socioeconomic compliance	■	■	■	■	■	■	■	■	■
Closure planning	■	■	■	■	■	■	▒	▒	▒
Emergency preparedness		■	▒	■					

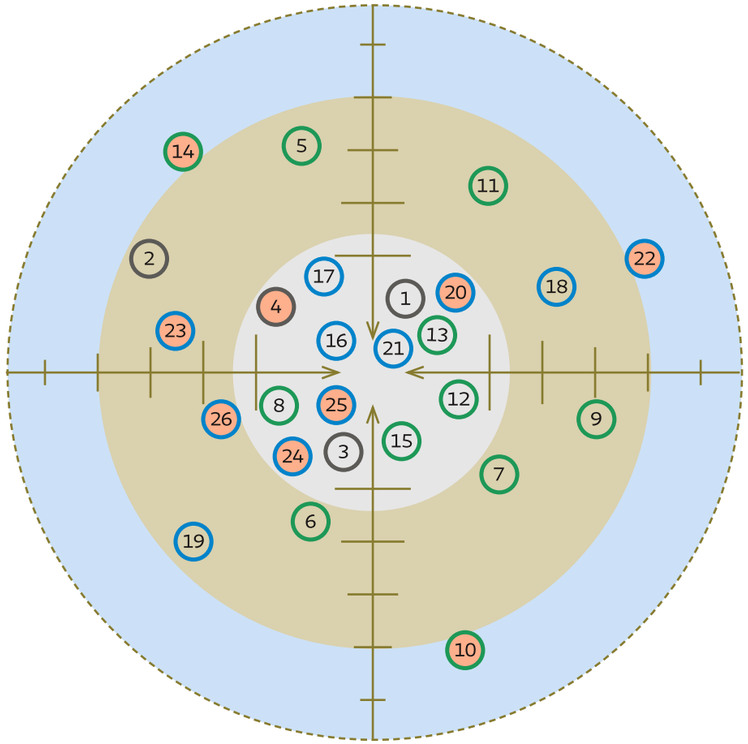
[1] The scope of data collection is set in such a way as to describe all of the Group's material impacts. The scope has not undergone any significant changes compared to the previous reporting period. The Report provides results for all the companies within the scope against each aspect.
[2] For the purposes of this report, foreign assets means Norilsk Nickel Harjavalta.
[3] As regards pension plans, the boundaries include only the Group's business units benefiting from the Co-Funded Pension Plan.
[4] As regards nationality, the boundaries include all business units of the Group.
[5] As regards energy conservation, the boundaries include Polar Division, Kola MMC and NTEK.
[6] As regards benefits offered to employees, the boundaries include only Polar Division and Kola MMC.
[7] As regards staff assessment, the boundaries include only the Head Office, Polar Division, Kola MMC and Pechengastroy.

■ Information is collected on all companies of the business block

▒ information is collected on key companies of the business block

The detailed table including the names of the Group companies and branches can be found in the interactive version of this report.

Appendix 3. Map of material GRI topics (aspects) [1] 102-46 102-47 103-1



Material topic with the highest priority

Material topic

Immaterial but relevant topic

Integral assessment of materiality for stakeholders and materiality of impacts by the Group companies

Economic aspect

Environmental aspect

Social aspect

Aspect materiality increased following the poll

1. Economic performance
2. Market presence
3. Indirect economic impacts
4. Anti-corruption
5. Energy
6. Water
7. Biodiversity
8. Sulphur dioxide and solid emissions
9. Greenhouse emissions
10. Emissions of ozone-depleting substances (ODS)
11. Emissions of other substances
12. Discharges
13. Effluents and wastes
14. Supplier environmental assessment
15. Environmental compliance
16. Employment
17. Occupational health and safety
18. Training and education
19. Freedom of association and collective bargaining
20. Human rights: Indigenous rights
21. Local communities
22. Supplier social assessment
23. Public policy
24. Socioeconomic compliance
25. Emergency preparedness
26. Closure planning

[1] In order to upgrade the map of material topics (aspects), the Company annual polling of external and internal stakeholders, mass media profiling, stakeholder dialogues, and interviews with top executives.

[2] Topics 8–11 are in line with the GRI standard Emissions.
[3] Topics 12–13 are in line with the GRI standard Effluents and Waste.
[4] Topic 20 is in line with the GRI standard Rights of Indigenous Peoples.

Appendix 4. GRI Indicators

Environmental Performance Indicators

Total water withdrawal

BRANCHES AND SUBSIDIARIES Indicator, mcm	GROUP'S TOTAL					INCLUDING: POLAR DIVISION AND NORILSKENERGO					NTEK					KOLA MMC				
	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
Total water withdrawal, incl.	352.78	351.96	348.52	328.5	335.64	86.48	95.02	102.49	96.41	100.14	277.43	274.00	267.87	249.93	251.99	35.92	30.16	27.93	35.53	31.73
from surface water bodies	267.33	258.93	254.92	230.45	233.46	0.01	0.02	0.02	0.02	0.02	250.44	242.84	239.21	216.68	220.42	13.76	13.04	12.84	12.39	11.60
from underground sources	27.02	31.16	28.66	33.24	31.88	0.00	0.00	0.00	0.00	0.00	26.99	31.16	28.66	33.24	31.57	0	0	0	0	0.30
wastewater from third parties	15.22	21.07	21.15	15.42	20.67	9.77	15.38	15.48	9.78	15.07	0.00	0.00	0.00	0.00	0.00	0.24	0.13	0.12	0.11	0.04
natural water inflow	33.71	31.84	34.84	40.82	40.59	21.07	23.57	28.60	26.15	29.44	0.00	0.00	0.00	0.00	0.00	12.59	8.22	6.19	14.63	11.11
municipal water supplies and other water utilities (excluding NTEK)	9.51	8.96	8.94	8.51	9.04	0.00	0.00	0.00	0.001	0.00	0.00	0.00	0.00	0.00	0.00	9.33	8.77	8.79	8.40	8.68
from NTEK[1]	94.01	94.08	96.44	98.99	93.58	55.62	56.05	58.39	60.46	55.61	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

[1] Included in NTEK's water withdrawal

Water sources 303-2 306-5

BRANCHES AND SUBSIDIARIES	SCALE OF IMPACT ASSOCIATED WITH THE GROUP COMPANIES' WATER WITHDRAWALS	SCALE OF IMPACT ASSOCIATED WITH THE GROUP COMPANIES' WATER DISCHARGES
Polar Division of MMC Norilsk Nickel	Withdrawals from water systems (the Yenisei River, water bodies of the Norilo-Pyasinskaya water system and Kara Sea) do not affect the environment and cannot change the ability of the ecosystem to perform its functions	Water bodies of the Yenisei River and Norilo-Pyasinskaya water system are used to discharge wastewater
Polar Transportation Branch of MMC Norilsk Nickel		
Krasnoyarsk Transportation Branch of MMC Norilsk Nickel		
Norilsknickelremont		
Polar Construction Company		
Norilsk Support Complex		
Norilskgeologiya		
Taimyr Fuel Company		
Taimyrgaz		
Yenisey River Shipping Company		
Norilsk Airport		
NTEK		
Norilskpromtransport		
Norilsk Trading and Production Association		
Murmansk Transport Division of MMC Norilsk Nickel	Withdrawals do not affect the water sources (water bodies of the Barents Sea basin)	Wastewater is discharged into the water bodies of the Barents Sea basin
Kola MMC		

Percentage and total volume of water recycled and reused 303-3

PERCENTAGE AND TOTAL VOLUME OF WATER RECYCLED AND REUSED Indicator, mcm	GROUP'S TOTAL					INCLUDING: POLAR DIVISION					NTEK					KOLA MMC				
	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
Total amount of water used	1,347.96	1,417.80	1,421.41	1,463.81	1,342.07	564.32	567.04	574.17	533.67	512.32	569.59	634.12	634.9	719.02	620.74	172.18	175.38	171.32	170.52	169.64
utility water	27.28	25.02	21.29	20.72	18.53	12.47	11.41	12.51	12.09	11.81	7.11	6.96	2.34	1.79	1.00	2.45	1.93	1.79	1.9	1.79
production, Including:	1,320.69	1,392.75	1,400.12	1,443.09	1,323.54	551.84	555.63	561.66	521.58	500.51	562.47	627.15	632.56	717.24	619.74	169.72	173.45	169.53	168.62	167.85
water reused	39.37	39.41	40.13	36.73	32.64	37.39	37.38	37.7	34.43	30.49	0.88	0.93	0.89	1.03	1.05	0.00	0.00	0.00	0.17	0.00
water recycled	1,202.54	1,269.55	1,275.62	1,219.70	1,105.40	471.30	473.59	478.07	442.82	426.18	458.17	525.9	537.68	607.85	503.43	150.44	150.48	146.67	150.72	157.47
Percentage of reused and recycled water in the volume of water used, %	92.2	92.3	92.6	85.8	84.8	90.1	90.1	89.8	89.4	89.1	80.6	83.1	84.8	84.7	81.3	87.4	85.8	85.6	88.5	92.8

The Group's total volume of reused and recycled water vs. its water withdrawal is 339.1%. This percentage is the largest for Polar Division (456.0%) and Kola MMC (496.28%), and stands at 200.21% for NTEK.

Total wastewater and pollutant discharge 306-1

BRANCHES AND SUBSIDIARIES Indicator, mcm or kt	GROUP'S TOTAL					INCLUDING: POLAR DIVISION					NTEK					KOLA MMC				
	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
Total wastewater discharge, mcm:	146.17	145.62	140.45	143.55	147.55	33.09	36.20	39.52	38.67	45.29	84.57	80.31	73.55	77.77	78.16	24.47	25.44	23.48	22.59	22.27
insufficiently treated	30.09	30.8	29.71	29.81	27.8	5.81	5.94	6.01	6.42	6.28	0.00	0.00	0.00	0.00	0.00	24.06	24.60	23.48	22.59	22.25
contaminated untreated	26.09	26.4	27.73	26.94	33.52	25.22	25.43	27.54	26.83	33.40	0.00	0.00	0.00	0.00	0.00	0.40	0.84	0.00	0.00	0.02
treated to standard quality at treatment facilities	2.37	4.4	5.92	5.26	7.0	2.05	4.13	5.18	4.71	4.96	0.00	0.00	0.00	0.003	0.01	0.00	0.00	0.00	0.00	0.00
standard clean (without treatment)	87.62	84.0	77.10	81.54	79.26	0.01	0.70	0.1	0.73	0.66	84.57	80.31	73.55	77.77	78.15	0.00	0.00	0.00	0.00	0.00
Pollutants discharged as part of the wastewater, kt	139.43	140.52	153.1	192.99	216.63	76.93	67.47	76.92	71.83	73.0	0.1	0.27	0.48	1	0.392	61.80	72.68	75.62	119.32	142.925

[1] The volume of water discharge is measured instrumentally by certified gauges and also based on the Calculation of Water Consumption and Water Discharge and other indirect indicators as approved by the territorial office of the Federal Water Resources Agency.

NO_x, SO_2, and other significant air emissions, including their type and weight[2] 305-7

BRANCHES AND SUBSIDIARIES Indicator, kt	TOTAL AMOUNT					TOTAL AMOUNT INCLUDING: NO_x					SO^2					SOLIDS				
	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
Group's total	2,097.09	2,088.33	2,063.52	1,936.44	1,846.80	12.13	11.53	9.84	10.12	11.5	2,032.85	1,947.58	2,009.11	1,877.97	1,785.01	20.63	23.10	20.67	14.3	14.0
Polar Division	1,912.03	1,828.09	1,883.24	1,787.57	1,705.0	1.57	1.61	1.64	1.52	1.6	1,881.06	1,797.18	1,853.92	1758.18	1,675.9	9.98,	9.68	8.95	6.18	6.1
Polar Division	10.54	9.74	6.33	8.2	11.51	8.78	8.11	6.32	6.89	7.88	0.062	0.044	0.008	0.006	0.003	0.005	0.007	0.006	0.006	0.004
Kola MMC	164.62,	165.44	169.79	132.9	121.9	1.15	1.12	1.18	1.12	1.2	151.58	150.20	155.05	119.72	109.1	9.98,	11.76	10.61	7.38	6.9

[2] Air pollutant emissions are determined on the basis of the Environmental Monitoring and Industrial Control data: emissions are calculated as per the applicable methodologies using data on feedstock and equipment running time, through sampling and analysing flue gases, direct measurements with gas analysers, etc.

Total weight of waste by type and disposal method, mt 306-2

BRANCHES AND SUBSIDIARIES Indicator	WASTE MANAGEMENT WASTE GENERATION					WASTE GENERATION[3]		WASTE USE AT OWN FACILITIES					WASTE TREATMENT AT OWN FACILITIES[3]		WASTE TRANSFER TO THIRD PARTIES (FOR USE OR TREATMENT)					WASTE TRANSFER TO THIRD PARTIES (FOR STORAGE)					WASTE STORAGE AT OWN WASTE DISPOSAL SITES				
	2013	2014	2015	2016	2017	2016	2017	2013	2014	2015	2016	2017	2016	2017	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
Total, mt:	40.49	35.17	33.64	33.27	31.93	0.04	0.03	19.35	18.24	18.81	20.15	20.76	0.0003	0.0005	0.037	0.044	0.041	0.09	0.09	0.041	0.04	0.049	0.11	0.11	21.08	16.81	14.75	13.54	12.67
Polar Division	26.39	23.07	22.27	22.57	23.26	0.03	0.03	12.96	12.13	13.22	15.18	17.75	0.0001	0.0001	0.026	0.027	0.024	0.03	0.04	0.041	0.04	0.049	0.07	0.07	13.38	10.84	8.99	7.88	7.08
Kola MMC	14.10	12.10	11.37	10.61	8.61	0.00	0.00	6.39	6.11	5.59	4.97	3.01	0.0002	0.0003	0.011	0.017	0.017	0.01	0.02	0.0002	0.0000	0.0003	0.0003	0.0002	7.7	5.97	5.76	5.66	5.59

[3] Has been calculated since 2016.

Waste management in 2017 by hazard class and waste type, t

INDICATOR	WASTE GENERATION	WASTE INPUT FROM THIRD PARTIES	WASTE USE AT OWN FACILITIES	WASTE TREATMENT AT OWN FACILITIES	WASTE TRANSFER TO THIRD PARTIES (FOR USE OR TREATMENT)	WASTE TRANSFER TO THIRD PARTIES (FOR STORAGE)	WASTE STORAGE AT OWN WASTE DISPOSAL SITES
Hazard class 1	59.926	0	0	0	58.804	0	0
Hazard class 2	2,441.37	15.876	2,401.15	28.36	24.938	0	0
Hazard class 3	12,696.73	1,629.96	10,986.57	316.748	2,685.70	8.111	0
Hazard class 4	1,189,921.72	12,147.69	6,620.55	115.356	7,463.05	56,456.38	1,093,140.20
incl. mining waste and tailings	1,065,001.00	0	0	0	0	0	1,065,001.00
Hazard class 5	30,721,756.19	19,948.42	20,738,693.26	58.837	59,917.68	49,876.85	11,432,552.56
incl. mining waste and tailings	26,454,720.31	0	15,106,726.65	0	0	0	11,347,993.56
Total	31,926,475.928	33,741.94	20,758,701.53	519.301	70,150.17	106,341.34	12,525,693.55
incl. hazard class 1–4 waste (% of the total)	3.775	–	–	–	–	–	–

Norilsk Nickel Group's power consumption in 2017 302-1

INDICATOR	TOTAL	INCLUDING	
		POWER	HEAT IN WATER AND STEAM
Fuel consumption, TJ	176,437.96	–	–
(1) including			
Polar Division	24,185.79	–	–
NTEK	107,493.12	–	–
Kola MMC	9,794.10	–	–
(2) including			
coal	1,460.05	–	–
natural gas	134,709.43	–	–
diesel fuel and fuel oil	35,090.39	–	–
gasoline and aviation fuel	5,178.09	–	–
Energy production and purchase	142,921.63	66,092.46	76,829.16
Energy from non-renewable sources (TPS)	68,400.69	15,755.03	52,645.66
Energy from renewable sources (HPP)	12,413.55	12,175.35	238.20
Energy sourced from third parties	10,482.68	10,215.40	267.28
including			
NTEK	0.00	0.00	0.00
Kola MMC	165.34	4.62	160.72
Energy sourced internally	51,624.70	27,946.68	23,678.03
Energy consumption, loss and sale	142,945.60	66,069.30	76,876.30
Energy consumption	61,963.17	32,354.56	29,608.61
including			
Polar Division	35,936.13	16,109.35	19,826.77
NTEK	6,489.47	4,314.19	2,175.28
Kola MMC	12,528.38	9,370.87	3,157.51
Energy sold to third parties	19,502.78	3,607.55	15,895.23
Energy sold internally	52,802.53	28,189.93	24,612.60
including			
NTEK	16,138.33	3,107.31	13,031.02
Kola MMC	2,741.21	0.00	2,741.21
Energy loss	8,677.11	1,917.25	6,759.86
The Group's total energy consumption	178,653.58	–	–

Social performance

Benefits for employees of Polar Division 401-2

BENEFITS	FULL-TIME WORK		TEMPORARY WORK[1]		SEASONAL WORK		
	FULL-TIME WORK	PART-TIME WORK	FULL-TIME WORK	PART-TIME WORK	FULL-TIME WORK	PART-TIME WORK	PART-TIME WORK
Reimbursement of vacation travel expenses (incl. return fare)	+	+	+[2]	+[2]	+[2]	+[2]	–[3]
All kinds of financial aid	+	+	+	+	+	+	+
Health resort treatment and vacations	+	+	–	–	–	–	–
Vouchers for children's wellness recreation tours	+	+	–	–	–	–	–
Pension plans	+	+	–	–	–	–	–
Termination benefits (apart from those prescribed by the applicable law)	+	+	+[4]	+[4]	+[4]	+[4]	+[4]

[1] Work under a fixed-term employment contract.

[2] According to the collective bargaining agreement and local regulations, such categories of employees are not excluded from benefits; however, in practice, travel expenses are not reimbursed since no vacation is granted to such employees.

[3] According to the local regulations such categories of employees are excluded from the reimbursement of expenses associated with relocation.

[4] According to the collective bargaining agreement and local regulations such categories of employees are not excluded from the reimbursement of expenses associated with relocation, it is practically possible. No severance pay is provided by mutual agreement.

Benefits for employees of Kola MMC

BENEFITS	FULL-TIME WORK		TEMPORARY WORK[5]		SEASONAL WORK[6]		
	FULL-TIME WORK	PART-TIME WORK	FULL-TIME WORK	PART-TIME WORK	FULL-TIME WORK	PART-TIME WORK	PART-TIME WORK
Reimbursement of vacation travel expenses (incl. return fare)	+	+	+	+	–	–	–
All kinds of financial aid	+	+	+	+	–	–	–[7]
Health resort treatment and vacations	+	+	+	+	–	–	–[7]
Vouchers for children's wellness recreation tours	+	+	+	+	–	–	–[7]
Pension plans	+	+	+	+	–	–	–[7]
Termination benefits (apart from those prescribed by the applicable law)	+	+	+	+	–	–	–

[5] Work under a fixed-term employment contract.

[6] At Kola MMC, no seasonal work is carried out; employees do not work seasonally.

[7] In-house employees doing bywork can be granted benefits by their primary employer

Appendix 5. List of abbreviations

AML/CTF	Anti-money laundering / counter-terrorism financing
CDW	Corporate data warehouse
CHPP	Combined heat and power plant
CIMS	Corporate Integrated Quality and Environmental Management System
CIS	The Commonwealth of Independent States
CRMF	Corporate Risk Management Framework
CSR	Corporate social responsibility
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
EIA	Environmental Impact Assessment
EMERCOM	The Ministry of the Russian Federation for Civil Defence, Emergencies and Elimination of Consequences of Natural Disasters
EMS	Environmental Management System
ESG	Environmental, Social and Governance Criteria
EU	European Union
FIFR	Fatal Injury Frequency Rate
FISU	International University Sports Federation
FZ	Federal law
GOK	Mining and processing plant
GOST	State standard
GRI	Global Reporting Initiative
GRK	Exploration company
Group	Norilsk Nickel Group
HPP	Hydropower plant
IFRS	International Financial Reporting Standards
IISRC	International Information Security Research Consortium
IISRC	International Information Security Research Consortium
IPA	International Platinum Group Metals Association
ISO	International Organisation for Standardisation
IT	Information technology
IUCN	International Union for Conservation of Nature
JSC	Joint-stock company
Kola MMC	Kola MMC, JSC
KPI	Key performance indicators
KPID	Kola Peninsula Industrial District
LTIFR	Lost Time Injury Frequency Rate
MGIMO	Moscow State Institute of International Relations
MMC	Mining and metallurgical company
NID	Norilsk Industrial District
NTEC	Norilsk-Taimyr Energy Company
OECD	Organisation for Economic Cooperation and Development
OHS	Occupational health and safety
OHSAS	Occupational Health and Safety Assessment System
OJSC	Open joint-stock company
PJSC	Public joint-stock company
R&D	Research and development
RSPP	Russian Union of Industrialists and Entrepreneurs
SDG	Sustainable Development Goal
TJ	terajoule
TU	Specifications
UN	The United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICRI	United Nations Interregional Crime and Justice Research Institute
VAT	Value added tax
VHI	Voluntary health insurance

Appendix 6.
Awards and accolades 103-3

Awards of MMC Norilsk Nickel

Safety and security

- InfoSecurity Russia 2017 award for Global Initiatives in **Industrial IT Security**;
- Certificate of honour from the Federation Council for major contribution to **reducing the environmental impact**;
- **Active Environmental Policy** award from the Russian Ministry of Natural Resources and Environment;
- **Grand prize** of 2016 Leaders of Russian Business: Dynamics and Responsibility contest organised by the Russian Union of Industrialists and Entrepreneurs (RSPP);

Environment

- Letter of recognition from the Russian President for the **contribution** to the Year of the Environment in Russia;
- Certificate of honour from V. I. Vernadsky Non-governmental Ecological Foundation and Russian Environmental Academy for major contribution to **modernisation projects helping the environment** in 2016–2017;
- Mark of **Environmental Responsibility** (public recognition award by the Union of Environmental Organisations at Third Russian Eco Week);
- Diploma of honour of 2017 V. I. Vernadsky National Environmental Award for the **transparency of its environmental policy** along with its **environmental protection efforts** and initiatives implemented during the Year of the Environment in Russia.

Society

- Russia's **Top-100** Employers by HeadHunter: ranking 4th on the job market and 3rd among Power, Mining and Processing companies;
- Russia's **Top Employers** 2017 by The White Square Journal: ranking 5th out of 100;
- Graduate Awards 2017 nation-wide competition (**Best Schoolchildren Engagement Programme** and Community Choice);
- HR Brand award by HeadHunter: the **corporate volunteering programme** won in the Big Heart nomination;
- 2016 Leaders of Russian Business: Dynamics and Responsibility nation-wide competition by the Russian Union of Industrialists and Entrepreneurs (RUIE): winner of the nomination For Support to Development of **Social Entrepreneurship**;
- 2017 Leaders of Corporate Charity: winner of the **Best Charity Promotion Programme** (Project) nomination;
- RUIE sustainability indices **Responsibility and Transparency** and **Sustainable Development Vector** 2017 (the Company has been a leader in the indices since 2014 when the rankings were first compiled)
- Grand prize of the Competitive Procurement **Leaders** Awards;
- Commemorative medal and certificate of merit from the Russian President for Nornickel's contribution to the organisation of 2017 World Festival of Youth and Students in Sochi;
- Eventiada IPRA GWA 2017: winner of the **Best Environmental Project** for Let's Do It environmental marathon and the Best Integrated Project for providing high-speed internet connection to Norilsk;
- Made in Russia award for providing high-speed internet connection to Norilsk;
- Sports and Russia 4th annual national award for **the best regional programme to promote sports and healthy lifestyle**;
- Sport City 2.0 forum award for development of the regions through sports for holding the international Arctic Curling Cup 2017 in Dudinka;
- Digital Communications AWARDS 2017: winner of the Social Media and Communities nomination;
- Moscow International Corporate Video Festival award in the Creative Approach to Corporate Advertising nomination;
- 20th Annual Report Competition awards for the Annual Report, **Corporate Social Responsibility Report** (a special RUIE nomination) and new corporate website www.nornickel.com;
- Vision Awards 2016/2017 international public reporting award;
- MarCom international public reporting award.

Awards of other Norilsk Nickel Group companies

NordStar Airlines

- Transportation Safety in Russia award: the Best Air Carrier to Meet **Transportation Safety Requirements** nomination;
- Diploma of Wings of Russia National Aviation Award named after Evgeny Chibirev;
- Monthly **Punctuality Leaders** rating of Domodedovo (Moscow), Yemelyanovo (Krasnoyarsk), Koltsovo (Yekaterinburg) and Mineralnye Vody airports.

Yenisey River Shipping Company

- **Industry Leader** (contest for Russian sea and river shipping companies held by the Federal Agency for Sea and River Transport).

Appendix 7.
Opinion of the RSPP Council on Non-Financial Reporting 102-56

Opinion of the RSPP Council on Non-Financial Reporting on the Norilsk Nickel Group's 2017 Sustainability Report for the purposes of public verification

The Council on Non-Financial Reporting of the Russian Union of Industrialists and Entrepreneurs (the "Council") established as per the Management Bureau's Resolution dated 28 June 2007, reviewed, at the request of MMC Norilsk Nickel (the "Company", the "Group", "Nornickel"), the Norilsk Nickel Group's 2017 Sustainability Report (the "Report").

The Company requested the RSPP to arrange for the public verification of the Report, with the Council on Non-Financial Reporting providing an opinion on the completeness and materiality of the Report's information about the Company's operations from the perspective of the Social Charter of the Russian Business. The Charter sets out key principles of responsible business conduct aligned with those of the UN Global Compact, as well as domestic and international CSR standards.

From 26 April to 21 May 2018, the Council members reviewed the content of the Company's Report and passed this Opinion in accordance with the Council's Procedure for Public Verification of Corporate Non-Financial Reports.

The Council members possess all the required competencies in corporate responsibility, sustainable development and non-financial reporting, comply with the ethical requirements for independence and impartiality, and provide their personal expert opinion rather than the opinion of organisations they represent.

The Report was assessed based on the following criteria of information completeness and materiality.

Information is considered to be material if it reflects the company's efforts to implement the principles of responsible business conduct set out in the Social Charter of the Russian Business (see www.rspp.ru).

Completeness implies that the company provides a comprehensive overview of its operations, including the underlying values and strategic benchmarks, governance systems and structures, accomplishments and key results, and the stakeholder relationship framework.

The procedure for the public verification of the Report factors in the Company's application of international reporting frameworks; this Opinion does not, however, purport to assess the Report's compliance with such international frameworks.

The Company is responsible for the information and statements provided in the Report. The accuracy of the Report's information is beyond the scope of the public verification procedure.

This Opinion has been prepared for MMC Norilsk Nickel. The Company may use it for both corporate and stakeholder communication purposes by publishing the original version without any changes.

CONCLUSIONS

Based on the review of the Report and the information publicly available on the Company's official website, and following a collective discussion of the results of the Report's independent assessment undertaken by the members of the Council on Non-Financial Reporting, the Council confirms as follows:

The Norilsk Nickel Group's 2017 Sustainability Report covers the key areas of responsible business conduct in accordance with the principles set out in the Social Charter of the Russian Business, and provides sufficient information about the Company's operations in relation thereto.

The recommendations made by the Council following the public verification of the Norilsk Nickel Group's 2016 Report were duly noted and incorporated into the 2017 Report. For example, the Company provided a more detailed coverage of the responsibility across the supply chain and contractor interactions.

The Company's 2016 Report contains material information relating to the following aspects of responsible business conduct.

Economic freedom and responsibility
The Report presents the strategic performance of the Norilsk Nickel Group and the Company's financial and operational results. It discloses the Company's sustainable development goals and relevant results for 2017, and informs about the completion of major projects to ensure the Company's economic efficiency, sustainability, and leadership in the global metals and mining industry, supported by specific examples. The Report dwells on the Company's impact on the domestic economy and regional development, while also featuring information about corporate governance and sustainability management, including the review of non-financial risks and their mitigants. It also describes the corporate integrated management system, anti-corruption policies and procedures, along with the Company's compliance with the UN Global Compact principles. A special focus is placed on the corporate culture development programme launched in 2017 to ensure effective implementation of the Company's strategy.

Business partnerships The Report presents key stakeholders and their interests, interaction mechanisms, and key engagement initiatives in 2017, with the Company's Business Ethics Code cited as the underlying document that outlines stakeholder engagement principles and procedures. It also informs about target meetings with investors concerning environmental protection, social responsibility and corporate governance (ESG), and features detailed information on HR management practices and policy, the Company's efforts in ensuring employee health, safety and professional development, and implementing corporate social programmes based on social partnership, collective bargaining agreements and communications, including the employee

engagement survey. The Report describes quality assurance measures, procedures to monitor customer satisfaction and compliance with contractual terms, and review complaints. It gives account of the Company's procurement activities that rely on the principles of openness and transparency, strengthening of competition and procurement automation, feedback channels, prevention of corruption and ensuring compliance with health and safety regulations among suppliers. A special attention is paid to the Company's relations with regional and municipal authorities under partnership agreements, interactions with business partners, and support for international and domestic initiatives in the area of sustainable development.

Human rights. The Report declares respect for human rights in line with Russian and international laws and regulations as one of the fundamental principles for Norilsk Nickel's operations, and gives account of Nornickel's relevant regulations and procedures. It gives a description of the Corporate Trust Service responsible for collecting and reviewing data on human rights violations, and submitting relevant reports to the Board of Directors' Audit and Sustainable Development Committee and the Company's units. It may be concluded from the Report that the Company does not employ children, minors and women in harmful and/or dangerous working conditions. According to the information contained therein, the Company gives its employees an equal opportunity to exercise their labour rights, prevents any discrimination, and respects the rights of indigenous peoples living in the regions of its operation.

Environmental protection. The Report emphasises the Company's commitment to reducing emissions, on a phased basis, and sustainable use of natural resources. The Company's environmental management system that forms part of the integrated quality and environmental management system, is harmonised with production, finance, health and safety management. The Report highlights Nornickel's environmental management priorities, while also containing information on the revised Environmental Policy approved in 2017 and compliant with ISO 14001:2015. The Company reports numerous internal audits of the environmental management system conducted in 2017 in accordance with international standards and the Company's by-laws, along with environmental expenses and indicators. It also discloses activities aimed at reducing environmental footprint, progress on energy efficiency improvement, and contribution to fuel and energy development across its geographies. The Report includes details on the Biodiversity Conservation Policy developed in 2017 and cooperation with nature reserves.

Contribution to the development of local communities. The Report outlines key areas of cooperation under the social and economic partnership agreements with the governments and administrations of the Krasnoyarsk Territory, Murmansk Region, Trans-Baikal Territory, Tver Region, Saratov Region and the city of Norilsk. It dwells on the Company's contribution to the development of local communities, and provides details on the key regional social and economic projects. A special focus is placed on the Company's successful tackling of socially and economically important freight logistics challenges to ensure continuity and sustainability of operations and well-being of local communities. The Report describes the Company's participation in establishing the Norilsk Development Agency and its commitments as the general partner of the XXIX International Winter Universiade to be hosted in 2019 by Krasnoyarsk, including the backing of the first-ever 2017 International Forum attended by leaders of volunteer movements from over 90 countries. A detailed information is provided on the We Are the City! social technologies forum and the funds allocated by Company over the year for social programmes in the regions of operation.

Final provisions

Information in the Report generally reflects the Company's consistent work towards the integration of corporate social responsibility and sustainable development principles into its business practices. The Report contains a significant amount of information about the Company's impact on the society and environment, its strategy and policies in the key focus areas, and the effect of the related programmes. It covers the main focus areas and formats of stakeholder engagement, including those used in preparing the Report.

The Report was prepared using internationally and domestically recognised reporting tools (e.g. the GRI Standards, Comprehensive option, GRI Sector Disclosures and the RSPP Reference Performance Indicators), which ensures comparability of the Group's information with that of other Russian and international companies. The Report is also in line with the UN Global Compact and UN 2030 Agenda for Sustainable Development. Material topics (aspects) and the Report structure were defined based on the contributions from stakeholders.

The 2017 Report is the Company's fourteenth non-financial report, which demonstrates its determination to consistently develop reporting processes and enhance transparency. The Company uses various forms of independent assessment and confirmation of disclosed information (professional audit and public verification). This reflects the Company's commitment to keeping stakeholders informed and maintaining the high quality of disclosures.

RECOMMENDATIONS

While acknowledging the Report's strong points, the Council calls attention to some aspects of disclosures' materiality and completeness, which should be addressed in the future reporting cycles.

It is recommended that in future reports, the Company disclose more plans for the forthcoming period, including key objectives, and information on their implementation for each reporting period. It is further advised that the Company give more details on how its performance against goals and objectives correlate with the Sustainable Development Goals of the UN 2030 Agenda given the growing attention to these issues globally.

It would be appropriate to comment more on changes in indicators to clarify the details, and also include relevant references to the annual report, including on economic aspects, as cross-references improve the complementarity of disclosed information.

The Report provides coverage on the Company's sustainable development and corporate social responsibility policies. It is recommended that future reports contain information on their implementation, given its importance for the stakeholders and assessment of the Company's business practices.

As a mainstay of local economies, the Company is advised to disclose, during at least three years, the amount of investments in the regions of operation along with their effectiveness and contribution to economic potential, social climate, and development of local communities. It is also recommended that further information on the performance of the Norilsk Development Agency established in cooperation with the Company (employment of local population, strengthening cooperation with local suppliers, development of infrastructure, support to small businesses, etc.) be included in the Report.

Given the Company's experience of working with suppliers, it is advised that future reports describe the Company's impact on their business ethics, including corruption prevention, social and environmental responsibility. It would be useful to provide examples of how these aspects are monitored as part of assessing reliability of business partners, and how the latter implement relevant policies and standards into their business practices.

As the 2017 Report contains information on corporate governance, it is recommended that next reports feature resolutions made by the Norilsk Nickel Group's governance bodies on responsible business practices and sustainable development. It would also be appropriate to dwell on the sustainability efforts of the Board of Directors' dedicated committee.

Traditionally, the reports prepared by the Norilsk Nickel Group contain information about the public verification procedure at the RSPP Council on Non-Financial Reporting. We advise that future reports additionally disclose information on incorporating the RSPP's recommendations given in the previous report.

The RSPP Council on Non-Financial Reporting hereby takes a positive view of this Report, supports the Company's commitment to responsible business practices, notes consistency in developing the reporting process, and confirms that the Norilsk Nickel Group's 2017 Sustainability Report has passed the public verification procedure.

RSPP Council on Non-Financial Reporting

Appendix 8. Independent Assurance Report[1] 102-56

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INDEPENDENT ASSURANCE REPORT ON THE NORILSK NICKEL GROUP'S 2017 SUSTAINABILITY REPORT [TRANSLATION FROM RUSSIAN ORIGINAL]

Introduction

The Independent Assurance Report is addressed to the management of Public Joint Stock Company "Mining and Metallurgical Company "Norilsk Nickel" (hereinafter referred to as MMC Norilsk Nickel).

The subject of assurance is the Norilsk Nickel Group's 2017 Sustainability Report (hereinafter referred to as the Report) including information on MMC Norilsk Nickel, its Russian subsidiaries and Norilsk Nickel Harjavalta. Information on the total number of employees and revenue (within consolidated revenue) of other abroad subsidiaries is also included in the Report.

Responsibilities

MMC Norilsk Nickel bears responsibility for the preparation of the Report.

We are responsible for the conclusions based on the results of independent assurance of the Report only to MMC Norilsk Nickel within the engagement and do not assume any responsibility to any third party.

Scope, criteria and level of assurance

The Report was evaluated considering compliance with the requirements to the comprehensive 'in accordance' option of GRI Sustainability Reporting Standards (hereinafter referred to as GRI Standards).

The engagement was planned and performed in accordance with AA1000 Assurance Standard 2008 (moderate level of assurance) and International Standard on Assurance Engagement 3000 (revised) "Assurance engagements other than audits or reviews of historical financial information" (limited level of assurance). The statement corresponds to type 2, as defined by AA1000AS 2008, in accordance with the limitations specified in section "Limitations of the engagement" of the present statement.

The limited level of assurance obtained through the selective verification of information in the Report is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The work was based on the supporting materials provided by the management of the entity and its employees, publicly available information and analytical methods of confirmation. In relation to the quantitative information contained in the Report the work performed cannot be considered sufficient for identification of all possible deficiencies and misstatements. However, the collected evidence is sufficient for expressing our conclusion in accordance with the above levels of assurance.

Methodology of assurance

In our engagement, we have performed the following procedures:

- Interviewing the management and employees of Head office of MMC Norilsk Nickel and Polar Division and obtaining documentary evidence.
- Attending the 'We Are the City' social technologies forum in Norilsk (on March 31, 2018) and in Monchegorsk (on April 14, 2018), including participation in dialogues with stakeholders.
- Study of information available on the websites of companies of Norilsk Nickel Group related to their activities in the context of sustainable development.
- Study of public statements of third parties concerning economic, environmental and social aspects of the Norilsk Nickel Group activities, in order to check validity of the declarations made in the Report.
- Analysis of non-financial reports of companies working in the similar market segment for benchmarking purposes.
- Selective review of documents and data on the efficiency of the management systems of economic, environmental and social aspects of sustainable development in Norilsk Nickel Group.
- Study of the existing processes of collection, processing, documenting, verification, analysis and selection of data to be included into the Report.
- Analysis of information in the Report for compliance with the requirements to the comprehensive 'in accordance' option of GRI Standards.

Limitations of the engagement

The engagement was performed only in relation to data for the year ended 31 December 2017.

The evaluation of reliability of the information on performance in the Report was conducted in relation to compliance with the criteria to be applied to prepare sustainability report 'in accordance' with the GRI Standards and information referred to in the GRI Content Index. In respect to the quantitative performance indicators the conformity assessment to external and internal reporting documents provided to us was performed.

Assurance was not performed in relation to forward-looking statements; statements expressing the opinions, beliefs and intentions of MMC Norilsk Nickel as the parent company of Norilsk Nickel Group to take any action relating to the future; as well as statements based on expert opinion.

TRANSLATION NOTE: Our report has been prepared in Russian and in English. In all matters of interpretation of information, views or opinions, the Russian version of our report takes precedence over the English version. 1 из 2

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Assurance was performed in relation to the version of the report approved by the Board of directors of MMC Norilsk Nickel June 18, 2018. Assurance was performed in relation to the Russian version of the Report, which includes information to be published in a hard-copy form as well as in digital form on the MMC Norilsk Nickel website.

Conclusions

The following conclusions are based on the assurance work performed within the limitations of the engagement specified above.

Compliance of the Report with the GRI Sustainability Reporting Standards (Comprehensive option)

Analysis of compliance to the GRI Standards requirements

In order to form a position on this issue, we have performed analysis of compliance to the GRI Standards requirements concerning principles and disclosures for the chosen 'in accordance' option.

- General disclosures required for the Comprehensive option are reported in compliance with the requirements of standard GRI 102 (2016). If it is not possible to disclose required information, the Report identifies the omitted information and explains reason for omissions.
- Management approach disclosures are reported mainly in compliance with the requirements of the standard GRI 103 (2016): explanations of why the topic is material and of how the organization manages the topics are reported for material topics as well as explanations of how the organization evaluates the management approach for some material topics..
- Topic-specific disclosures required for the Comprehensive option are reported in compliance with requirements of GRI Standards. If it is not possible to disclose required information, the Report identifies the omitted information and explains reason for omissions.

Overall assessment of the Report

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes as to believe that the Report has not complied, in all material aspects, with requirements to the report prepared 'in accordance' with the Comprehensive option of the GRI Standards. The conclusion is stated taken into account abovementioned analysis of compliance to the GRI Standards requirements.

Recommendations

1. It is reasonable to disclose GRI indicators in relation to target values and plans for the future.
2. Increase the extent of disclosure of indicators in relation to which requirements of GRI Standards is not fully taken into account (disclosures with omissions).
3. In case of disclosure with omissions due to absence of a recording system, provide more specific information about plans to obtain data in future.
4. Extend disclosure of information on how the organization evaluates the management approach to all material topics.

Statement of competence and independence

FBK, LLC, an independent audit firm, professionally rendering assurance services, is a member of Self-regulatory organization of auditors Association "Sodruzhestvo" and complies with the Rules of independence of auditors and audit organizations and Code of Professional Ethics for Auditors which corresponds to the Code of Ethics for Professional Accountants prepared by the International Standard Board for Accountants,. We have fulfilled other duties in accordance with these requirements of professional ethics. FBK, LLC applies International Standard on Quality Control 1 'Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Assurance and Related Services Engagements' and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. FBK, LLC employs a system of quality control of audit services, including control of compliance to ethical norms.

FBK, LLC states that the present assurance report is position of the independent audit firm on the Report. FBK, LLC and its staff have no relations with MMC Norilsk Nickel that could result in the conflict of interest related to the independent assurance of the Report.

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000-240

FBK, LLC V.Y.Skobarev

Partner
acting under Power of Attorney No. 101/17 of October 2, 2017
The Russian Federation, Moscow, June 21, 2018

TRANSLATION NOTE: Our report has been prepared in Russian and in English. In all matters of interpretation of information, views or opinions, the Russian version of our report takes precedence over the English version. 2 из 2

[1] The auditor of the Sustainable Development Report was approved by the Senior Vice President for HR, Social Policy and Public Relations.

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Nornickel on social media

www.facebook.com/NornickelRU/

twitter.com/NornikOfficial

vk.com/nornickel_official

www.youtube.com/user/NornikOfficial

www.instagram.com/nornickel_official

feeds.feedburner.com/nornik/AIDB

Norilsk through the eyes of its residents http://norilskfilm.com/