Environmental and Climate Change Strategy

Norilsk Nickel

June 2021

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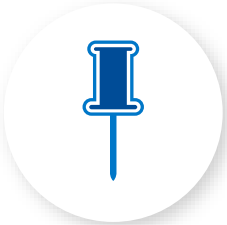
Summary of the Environmental and Climate Change Strategy

1	Benchmarking and as-is Analysis	The strategy factors in the long-term requirements of key stakeholders (employees, local communities, customers, investors, NGOs and the government) and benchmarks the Company against peers and international standards Potential improvements are identified and implemented: setting long-term environmental and climate change goals through 2030 in six dimensions (climate change, air, water, tailings and waste, land and biodiversity), drafting detailed action plans and increasing reporting transparency
2	Environmental and Climate Change Strategy	Nornickel set 21 strategic goals through 2030; by achieving them over this period, Nornickel will gain leadership among global metals companies across climate change, water and land dimensions, and align its operations with best practices in air, tailings, waste and biodiversity management In 2021, Company will design environmental and climate change strategies at the division level and adjust a number of strategic metrics The strategy defines relevant programmes in need of a detailed review (waste balance and disposal and gypsum use options)
3	Governance Model, Organisation and KPIs	Nornickel set up new environmental and climate change management processes in the Head Office and modified the supporting organisational structure, while also introducing incentives and KPIs to achieve strategic objectives (short-term targets and the Long-Term Incentive Programme for 2021–2023) In 2021 Company will decompose strategic KPIs to various management levels
4	Strategy Roadmap for 2021	In 2021, Nornickel will develop a long-term strategy roadmap based on the list of strategic projects and initiatives On top of that, the roadmap will provide for new management and reporting processes, membership in associations and changes in accordance with ICMM and IRMA requirements as well as TCFD and GHG Protocol reporting standards

Nornickel Embarks on an Environmental Journey: Clear Focus on Achievable and Measurable Results with Maximum Impact on Environment

2020	Short-term: 2021-2024	Medium-term: 2025-2030	Long-term: 2030-...



Deep understanding of stakeholders' expectations

Org changes to strengthen sustainability function and risk-management processes

Environmental and climate change strategy was developed

Recent environmental incidents mitigation

Fix the Basics & Regain Trust

Continue Sulphur program, initiate and complete clean-up and rehabilitation programs

Implement initiatives to comply with key global standards (e.g., IRMA, ICMM, TCFD)

Hardwire organizational changes (e.g. link environmental KPIs to incentives)

Enhance environmental risk-management

Ensure environmental transparency based on thorough internal and external audits

Kick-start cultural changes in company

Initiate research, partnerships (e.g. on permafrost)

Reach Global Standards

Comply with all key global standards (e.g., IRMA, ICMM, TCFD, Global Tailings Standard)

Continue implementation of Sulphur program, strategic environmental initiatives

Implementation of projects related to water, wastes, land rehabilitation and biodiversity

Build worldwide leading capabilities in permafrost research, establish global network of scientific and industrial partners

Become Recognized Eco Player ("Green Nornickel")

Implement Sulphur program and strategic environmental initiatives

Leading position among peers in climate change, water and land

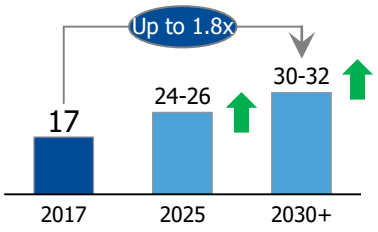
Reach benchmark or higher levels on all dimensions of Environmental Strategy

Build green tech capabilities, incl. becoming external provider of green tech for companies worldwide

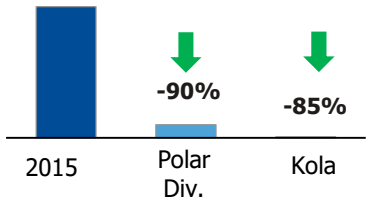
The Main Blocks of Nornickel's Environmental and Climate Change Strategy Concept

Nornickel Strategy

Ore mining in Norilsk, Mt/year

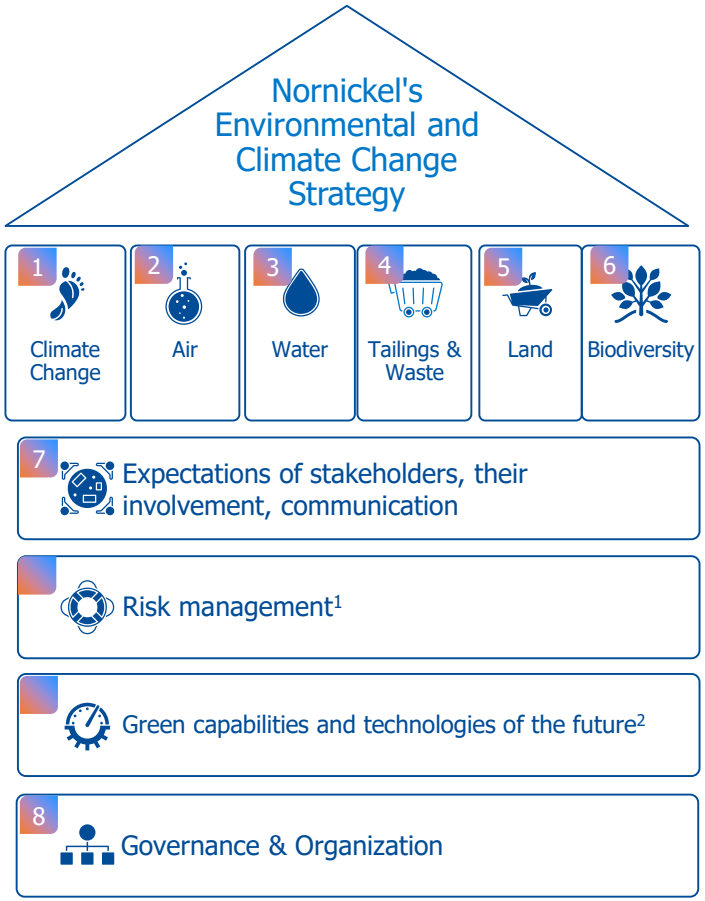


Sulphur 2.0 – reduce in SO2 (vs. 2015) and capacity closure



Territory cleaning program

- Sanitary cleanup of the Polar Division territory
- Dismantling of Nickel Plant
- Dismantling of the Smelting Shop
- Dismantling of Metallurgical Shop
- Dismantling of power engineering assets being modernized



Comments:
1. A separate project to clarify the approach to environmental risks is formed
2. It is planned to form roadmaps of future technologies on the key directions of the strategy concept in the field of ecology and climate change

18 Targets Have Been Defined as Part of the Implementation of the Nornickel's Environment and Climate Change Strategy (1/2)

Strategy Area	Target
Climate Change	1. Maintain absolute Scope 1 and 2 GHG emissions from operations at around 10 mt of CO2 equivalent through 2030 despite growing production by 30–40% (Ni equivalent vs 2017)
	2. Keep Scope 1 and 2 GHG emissions per t of Ni-equivalent in the bottom quartile of global metals and mining industry GHG intensity curve
Air	3. Reduction of SO_2 emissions at the Kola Division by 85% in 2021, at the Polar Division — by 90% in 2025, compared to the values of 2015
Water	4. No emergencies on a regional and federal scale
	5. Reduction of the volume of pollutants discharged by 25% compared to 2019 and achieving the permissible discharge standards: 159 kt by 2031
	6. Maintaining fresh water intake (except for underground mine water) for production below 120 M m3
	7. Keeping the level of water recycling and reuse above 80%
	8. Elimination of past pollution, related to the accident at HPP-3 — cleaning the water bodies to the standard values by the end of 2022

18 Targets Have Been Defined as Part of the Implementation of the Nornickel's Environment and Climate Change Strategy (2/2)

Strategy Area	Target
Tailings Storage Facilities and Waste	9. Disposing of 100% of waste from new projects to environmentally safe facilities, provided with best-in-class technology, starting at 2025
	10. Disposal (collection and recycling) of 100% of accumulated waste by 2030
	11. Increasing / keeping the share of mineral waste utilization above 30%
	12. Increasing / keeping the share of non-mineral waste utilization (except the gypsum waste)
	13. Increasing the gypsum waste utilization
Land	14. Rehabilitation of 117 ha/year of disturbed land and land clean-up in towns and cities and near production sites
Biodiversity	15. Reducing a negative impact on biodiversity, including forest conservation near production sites
Expectations of Stakeholders, Their Involvement, Communication	16. Compliance with the TCFD principles
	17. Join ICMM
	18. Join IRMA

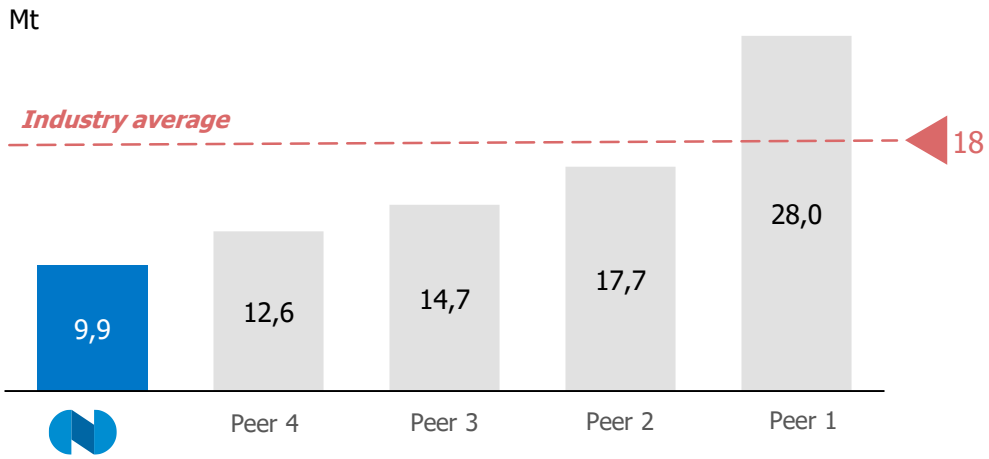
Nornickel's Position Statement on Climate Change

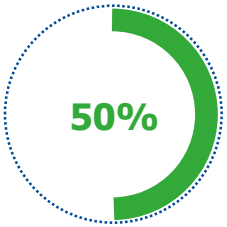
We will…

1. Provide world with clean products, which help reduce CO_2 footprint of global economy: production growth of Ni by 20-30%, Cu by 20-30%, Pt+Pd by 40-50% by 2030 vs 2017
2. Keep our Scope 1+2 GHG emissions per t Ni-eq in the first quartile of global M&M industry GHG intensity curve
3. Continue to maintain absolute Scope 1+2 GHG emissions from operations at ~10 Mt CO_2e by 2030
4. Manage climate-related risks by building resilience strategies
5. Drive GHG emissions reduction in the long-term across value chain by working both with customers and suppliers
6. Strive to increase low-carbon energy usage
7. Encourage shift to low carbon paradigm by using R&D to help find and expand new solutions and by engaging into intra- and cross-industry climate dialogue
8. Make a commitment to comply with globally recognized Standards of disclosure related to climate change (where required)

Competitive Position of NN in Terms of Greenhouse Gas Emissions: Significantly Lower Than Global Competitors

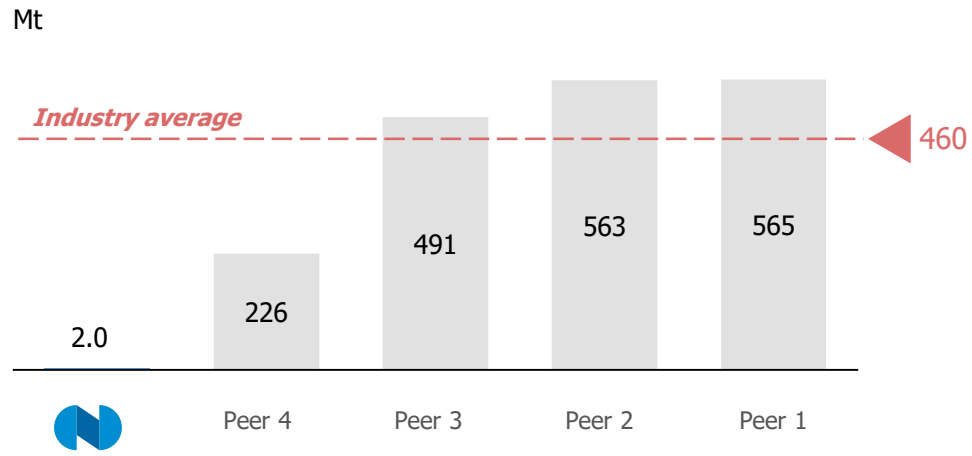
Greenhouse Gas Emissions Scope 1&2 (CO_2e) (1)

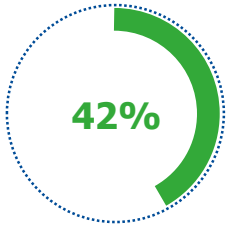




2017-2019 average share of renewables in total electricity consumption in the Norilsk Region

Greenhouse Gas Emissions Scope 3 (CO_2e) (1)





2017-2019 average share of renewables in total electricity consumption for the Group as a whole

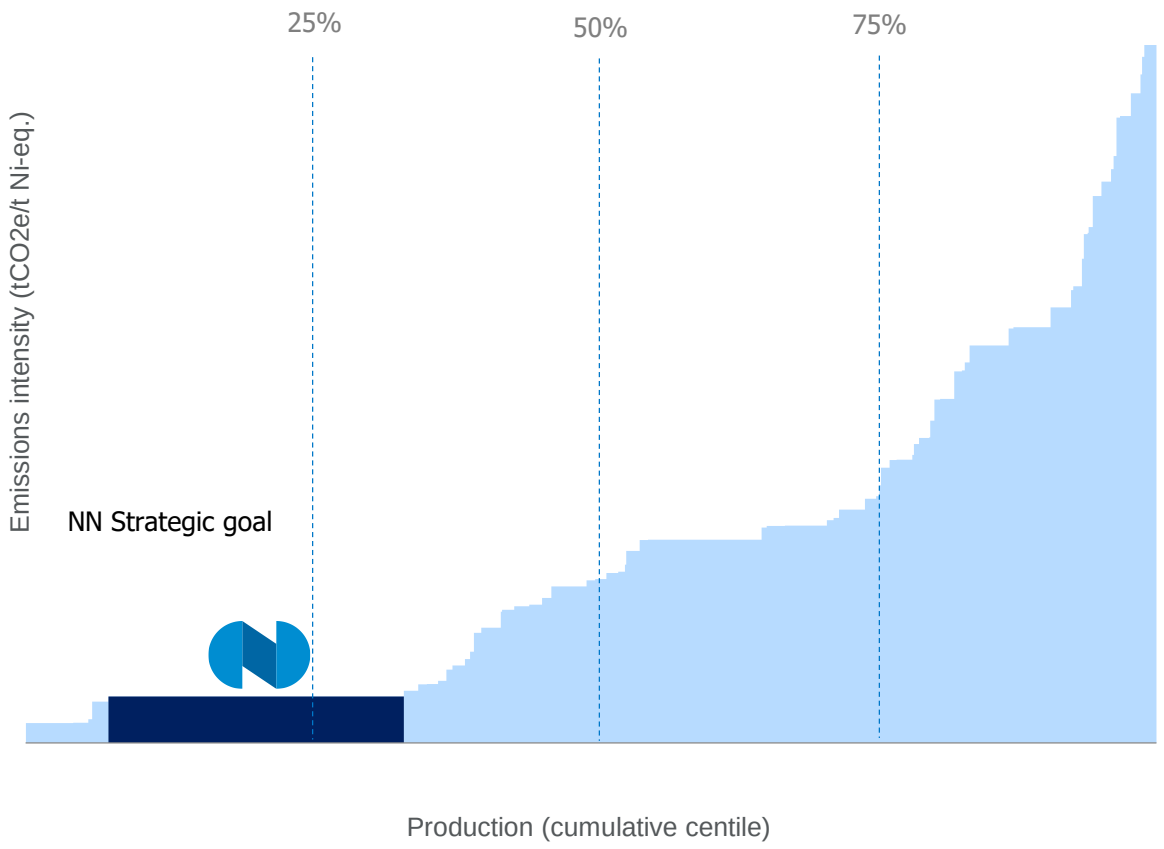
Source: public statements of competitor/diversified mining companies (BHP, Vale, AngloAmerican, Freeport and RioTinto)
1. 2019 estimates in accordance with GHG Protocol Corporate Accounting and Reporting Standards. GHG emissions include emissions from the power supply of the regions of operations by NTEC and the reserve of CO2 emissions from the implementation of the Sulfur Program 2.0

The Lowest Quartile of the Emission Intensity of Base Metals. The Strategic Goal Is to Maintain the Industry's Leading Position in the 1st Quartile

Nornickel's comprehensive leadership on both the cost curve and the CO2e intensity curve will provide a unique competitive advantage in tomorrow's economy

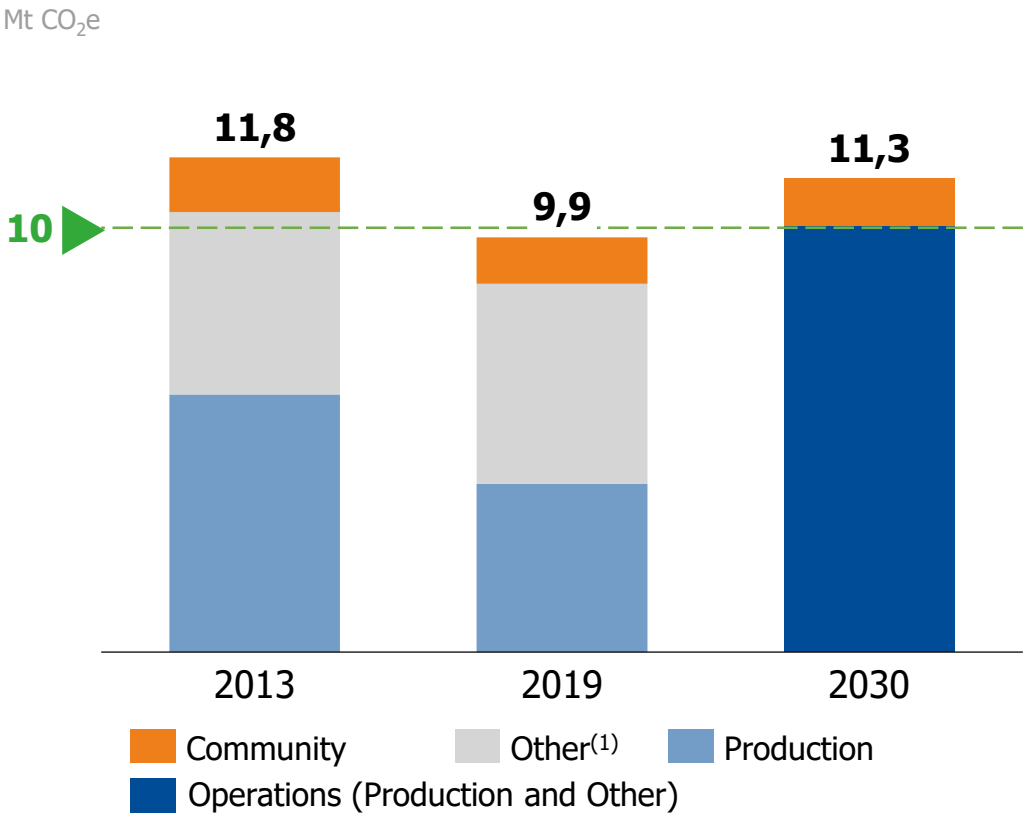
Long-term goal is to maintain the industry's leading position in the 1st quartile of the CO2 emissions intensity curve

Nornickel Position (tCO2e/t Ni-eq.) on Nickel



Source: Wood Mackenzie, Company assessment. Norilsk figures include reserve for CO2 emissions from Sulfur 2.0 program

Climate Change Goal 2030 Is to Keep Scope 1&2's Production Greenhouse Gas Emissions No Higher Than 10 Million Tons of CO_2e



Goal 2030 is to keep Scope 1&2 production emissions no higher than 10 million tons of CO2e …

…despite the production growth and implementation of the Sulfur 2.0 program

Source: Company estimates
1. Including other services and reserve for CO2 emissions from Sulfur 2.0 program

Climate Change Strategy

Strategic Objectives 2030

1. **Keep** production absolute greenhouse gas emissions Scope 1&2[1] no higher than **10 million tons CO2e**
2. **Maintain** the greenhouse gas emission intensity of Scope 1&2 per ton of Ni-equivalent in the **first quartile** of global industry producers[2]

Climate Risk Assessment and Management

Transitional risks	IEA scenario[3] is neutral-positive for NN metal basket
Physical risks	Implementation of a climate-related physical risk assessment system and a large-scale asset monitoring program

Key Initiatives of the Climate Change Strategy

Mitigation of physical risks

Improving energy efficiency

Reducing GHG emissions

Key Initiatives 2021+

- Development and implementation of a system of geotechnical monitoring of foundations of buildings and structures of industrial and municipal facilities located on permafrost soils in Norilsk (including a satellite system and GIS)
- Implementation and execution of the strategy at the division level:
  - Developing key initiatives to mitigate physical risks, improve energy efficiency, and reduce CO2 emissions
  - Development of capital expenditure plans and project timeline
- Bringing climate change disclosure in line with TCFD requirements

Source: Company assessment
1. Production emissions do not include energy supply for regions of operation; 2. Based on Wood Mackenzie estimate of the emission intensity curve for global industry producers (CO2e per tonne Ni eq.). 3.Sustainability Scenario of the International Energy Agency

3 Major Groups of Initiatives in Climate Change Identified

Further potential and budget assessment of physical risks mitigation, energy efficiency initiatives and CO2 emissions reduction needed

1 Examples of Physical Risks Mitigation Initiatives

- Reconstruction of diesel emergency plant at TPP-1, TPP-2 and TPP-3
- Reconstruction of power transmission lines
- Creation of a geotechnical monitoring system for buildings and structures, including hydraulic structures, other

Preliminary assessment

Capital expenditures to be adjusted

2 Examples of Energy Efficiency Initiatives

- Reconstruction (replacement) of power units' equipment in NTEK
- Reduction in power consumption for compressor air production
- Etc.

Preliminary assessment

Energy efficiency potential **>230 TJ**

Capital expenditures to be adjusted

3 Examples of CO_2 Abatement Initiatives

- Construction of LNG plant in Bear Creek
- Liquefied carbon dioxide production at TPP-2
- Etc.

Preliminary assessment

CO_2 abatement potential[1] **>0.3 Mt** CO_2

Capital expenditures to be adjusted

Source: company's analysisи
Note 1. Including effect from energy efficiency initiatives
Note: based on existing and assessed projects

Nornickel Position Statements on Air

We will …

1. Reduce Polar division SO_2 emissions by 90% in 2025 and by 95% in 2030+ (vs. 2015)
2. Reduce Kola division SO_2 emissions by 85% in 2021 (vs. 2015)
3. Keep other air emissions (NOx, solids, etc.) at one of the lowest levels in industry
4. Introduce air quality monitoring system to assess and act upon ambient air quality and dust associated with mining
5. Commit and comply with global standards in air pollution related disclosure (where applicable)

Nornickel Position Statement on Water

We will ...

1. Reduce water pollution levels to Russian sanitary standards (where required)
2. Maintain efficient water management and keep recycled and reused water levels at 80% or higher
3. Keep absolute fresh water intake volumes (except mine waters) for production purposes below 120 million m^3
4. Develop water balances for all production assets and start implementing automated online monitoring of all water intakes and discharges, including pollutant release, in 2022
5. Implement scientific recommendations by the Big Norilsk Expedition on the bioremediation of water bodies
6. Continue to provide quality drinking water for municipalities
7. Implement leading sustainability standards, that NN decided to comply with
8. Improve the risk management system to prevent regional and federal level emergencies

Strategic Initiatives Outline Goals Along 7 Areas (1/2)

	Goals	Current State	Proposed Objective
01	Reduce pollutant discharges	210.6 Kt in 2019	25% reduction from 2019 and achieve permissible release standards: 159 Kt
	Incl. Comprehensive measures to eliminate the consequences of the accident at HPP-3[1]	34,451 m3 of water-fuel mixture has been collected[2]	Cleanup to allowable values
02	Keep high water recycling and reuse levels	87%	Keep at 80% of higher
03	Reduce absolute fresh water intake (excl. mine water) for production purposes	117M m3	Keep below 120M m3

Note 1. https://www.nornickel.ru/upload/iblock/391/Norilsk-Nickel_HPP3-accident-update-as-of-October-7th-RUS.pdf
2. As of September 28, 2020

Strategic Initiatives Outline Goals Along 7 Areas (2/2)

	Goals	Current State	Proposed Objective
04	Collect information on all discharges	Started collecting information on all discharges	Have full picture of all discharges by February 2021
	Incl. Implement of automated monitoring systems for water accounting and create water balances	Offline monitoring, water balance for Polar Division	Automated online monitoring for internal use and water balance for all assets
05	Implementation GNE recommendations[1]	GNE[1] is in the exploration stage	Set and attain targets
06	Provide drinking water to people	Provide drinking and public water supply	Revamp water supply systems By 2026, bring the quality of drinking water supply in line with sanitary regulations and standards
07	Start monitoring the substances required by IRMA according to EU requirements	Low concentration of substances in question, but no monitoring	Perform diagnostics to identify presence of substances, start monitoring of substances

Note 1. Greater Norilsk Expedition

Nornickel's Position on Tailings and Waste

We will ...

1. Ensure high waste recycle and reuse rates: maintain the mineral waste recycle and reuse proportion at at least 30%
2. Develop a strategy for handling non-mineral waste, including gypsum
3. Perform a sanitary cleanup of production unit areas
4. Place 100% of waste under new projects using technology solutions that minimize the environmental impact, starting from 2025
5. Implement the principles of the Global Industry Standard for Tailings Management, including the prioritization of control and minimizing the physical risks associated with hydraulic facilities, including tailings storage facilities
6. Perform an independent audit and publish the results

Strategic Tailings and Waste Initiatives Outline Goals Across 8 Areas (1/2)

	Goals	Current State	Proposed Objective
01	Maintain the mineral waste recycle and reuse ratio	NN is 62.5% overall (SD Report), 37% (data from divisions with the increased proportion of ZAB taken into account) NOR: 65% KOL: 52% ZAB: 18-20%	Maintain the recycle and reuse ratio at at least 30%, including With the growing generation volume Develop a waste mass balance planning model
02	Increase /maintain non-mineral waste recycle and reuse ratio (except gypsum)	Generation of 795 Kt with the planned growth of up to 1,500 Kt per year in 2022	Strategic target quantified until '30
03	Increase/ maintain gypsum waste recycle and reuse ratio	Generation of gypsum waste is expected to increase to 8.9 Mt per year with a recycle and reuse ratio of 45%	Strategic target quantified until '30
04	Sanitary cleanup of production facility sites	A waste collection and recycling unit is being set up	100% of accumulated waste collected and recycled by 2030

NOR – Norilsk Division; KOL – Kola Division; ZAB – Trans-Baikal Division

Strategic Tailings and Waste Initiatives Outline Goals Across 8 Areas (2/2)

	Goals	Current State	Proposed Objective
05	Place waste at environmentally safe facilities using technology solutions minimizing environmental impact	Started introduction of new technologies in tailings dam construction	100% of waste will be placed at environmentally safe facilities by 2025
06	Implement the Global Standard on Tailings Storage Facility Management	Low level of compliance (e.g., NN meets 3 of 13 disclosure requirements)	Implement the standard
07	Conduct a comprehensive examination of production sites and adjacent territories	Rosprirodnadzor issues orders for waste collection and disposal	Responsibilities have been assigned for waste removal in NN presence areas
08	Enhance monitoring of tailings facilities	NN's digital laboratory has been developing solutions for tailings facilities	Conduct pilots on application of new technologies, implement every year

Nornickel Position Statement on Land Rehabilitation and Assets Closure

We will ...

1. Develop closure plans for all existing facilities and disclose plans to stakeholders
2. Develop approach to assess current and legacy impact on lands by mining, construction and incidents

Strategic Initiatives on Land Rehabilitation Cover 3 Areas

	Goals	Current Status	Proposed Objective
01	Implement Integrated Assets Closure	Plans to close mines and tailings facilities in the Norilsk and Kola divisions	Plans to close all assets across all divisions
02	Assess affected lands	16,600 ha have been affected by mining, waste landfills, and construction 330,000 ha have been damaged, according to external estimates	330,000 ha - to be refined based on BNE results
03	Rehabilitate lands disturbed	0.3% of all disturbed lands is annually reclaimed There are reclamation plans for 11% of the disturbed land	Minimum requirements: Rehabilitate 117 ha/year In 2021, develop a land reclamation plan for 100% of damaged land and a reclamation road map

We will …

1. Sustainably manage and protect marine and coastal ecosystems, including biodiversity
2. Restore biodiversity of water bodies
3. Ensure the conservation, restoration and sustainable use of terrestrial ecosystems, including biodiversity
4. Take actions to reduce the degradation of natural habitats, halt the loss of biodiversity and, protect and prevent the extinction of threatened species

Results and Objectives of the Environmental and Climate Change Strategy

Climate Change

Strong Performance

	VS Peer avg.[1]
Absolute emissions, Scope 1+2, Mt CO_2e	-38%
Absolute emissions, Scope 3, Mt CO_2e[2]	-138x
Renewable electricity share[3], %	1.0x

Targets

Minimize impact on climate change (reduce CO_2 intensity emissions) and mitigate physical climate-related risks

Key next steps:
Delivery on energy efficiency, CO_2 reduction and physical risks mitigation initiatives

CAPEX

TBD 2021

Air

Strong Performance

NOx emissions, Kt	-80%
Solids / Dust, t	-65%

Targets

Improve air quality (reduce SO_2 emissions) in the areas of operations (Norilsk industrial area and Kola Peninsula)

Key next steps:
Execute on Sulphur Programme 2.0 and other air emissions reduction projects

CAPEX

US$ 3.6bn

Water

Strong Performance

Total water withdrawal, M m^3	-51%
Total water discharge, M m^3	-14%
Water recycled and reused ratio, %	1.5x

Targets

Maintain recycled water ratio and reduce pollution; continue providing clear water to local communities

Key next steps:
Build and run new water treatment facilities, adopt new technical solutions, remediate pollution from environmental incidents in line with GNE[4] recommendations

CAPEX

TBD 2021

1. *Peers include Anglo American, BHP Billiton, Vale, Rio Tinto, Freeport where public data is available;*
2. *Incl. only downstream part of the supply chain;*
3. *Of total electricity;*
4. *Great Norilsk Expedition*

Environmental Indicators and Objectives

Tailings & Waste

Strong Performance

VS Peer avg.[1]

Non-mineral waste recycled and reused ratio, %	-138x

Targets

Maintain safe operation of tailings facilities and minimize environmental impact of mineral and non-mineral waste

Key next steps :
Create mass balance model for waste management and prepare for the self-assessment under Global Tailings Standard

CAPEX

TBD 2021

Land

Strong Performance

Total land disturbed, K hectares	-80%

Targets

Rehabilitate legacy damage and upgrade mine and plant closure plans

Key next steps :
Review asset closure plans in all divisions; follow GNE[2] recommendations in soil recovery; waste collection and land reclamation in Norilsk

CAPEX

TBD 2021

Biodiversity

Strong Performance

Legacy focus:

- Supporting of several nature reserves (Taimyrsky, Putoransky, Pasvik, Laplandsky and other Nature Reserves)
- Protection of rare animal species and support of the reproduction of aquatic bioresources

Targets

Strengthen biodiversity program

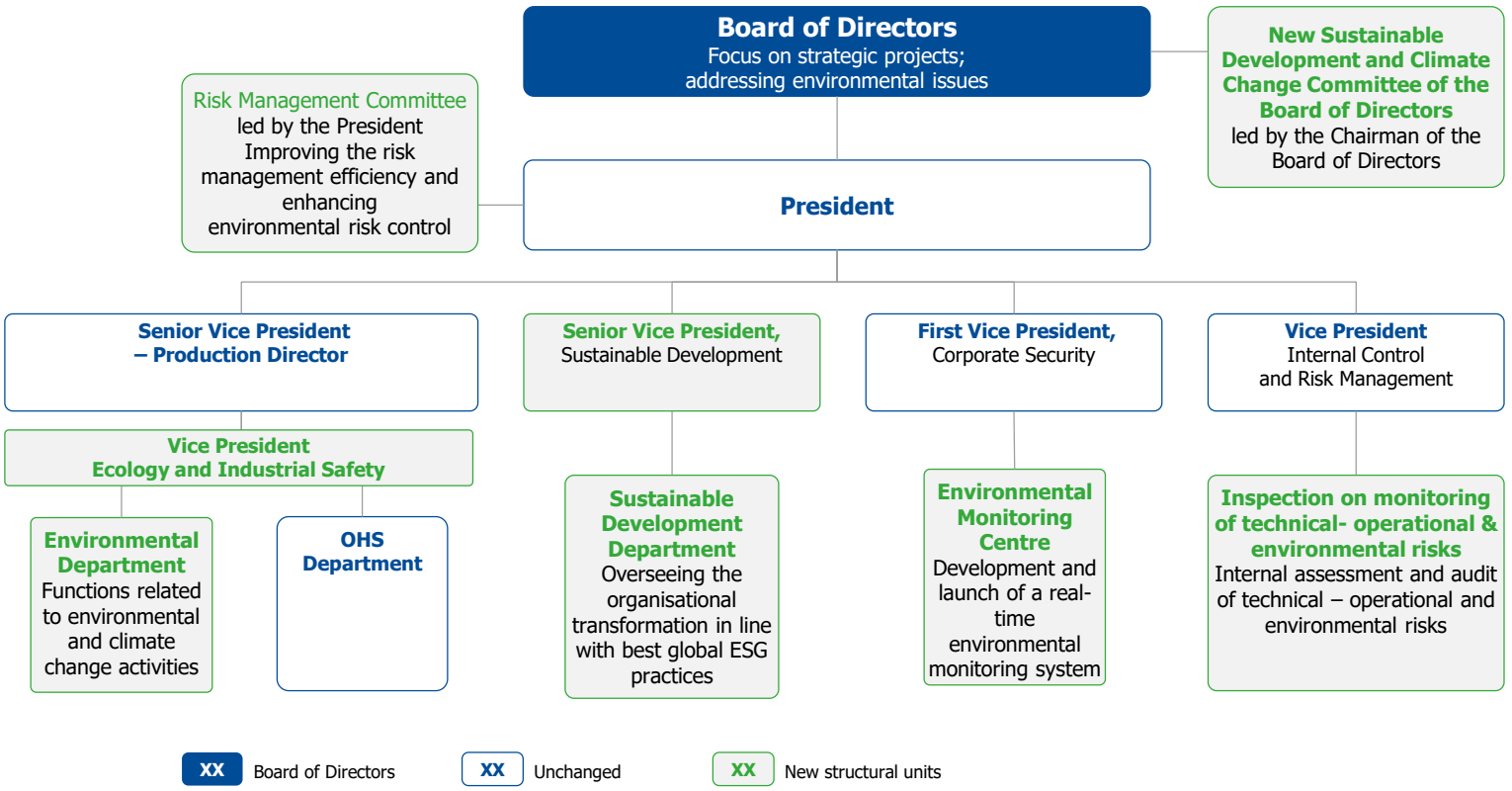
Key next steps :
Biodiversity remediation following recent environmental incidents, launch regular monitoring of impacts on biodiversity and continue support of nature reserves

CAPEX

TBD 2021

1. Peers include Anglo American, BHP Billiton, Vale, Rio Tinto, Freeport where public data is available;
2. Great Norilsk Expedition

Organisational Changes Supporting the Environmental and Climate Change Strategy



Compliance with the ESG Best Practices

Progress 2020

- New Environmental and Climate Change Strategy in place
- Improved corporate governance systems and environmental risk management tools
- Strengthened Board oversight of ESG and strategy issues
- Self-assessment for IRMA and ICMM initiated
- Independent environmental impact assessment: ERM, Greater Norilsk Expedition, Ethnological Expedition
- Reduction of SO2 emissions at the Kola Division

Improved Disclosures

- Coverage 1&2 CO2 emissions under the GHG Protocol
- Methodology for calculating Scope 3 downstream emissions was developed
- Disclosure of air and water as required by CDP
- Tailings facilities management

Objectives 2021

- Implementing strategies at the division level and decomposing strategic KPIs to various management levels
- Drafting key initiatives and capex planning to implement the strategy
- Expansion and decomposition of KPIs linked to the Environmental and Climate Change Strategy to various management levels
- Continued implementation of Sulphur Programme 2.0
- Launch of the waste collection and land reclamation programme in Norilsk
- Continued full environmental remediation following the diesel spill incident
- Design and implementation of the monitoring solution for foundations built on permafrost soils in Norilsk
- Joining ICMM and IRMA
- Improving internal procedures in accordance with ICMM and IRMA principles
- Developing a TCFD compliance roadmap
- Reviewing gypsum use options
- Building an organisational model to manage environmental risks and achieve strategic targets