

ESG INVESTOR PRESENTATION



ESG Highlights



Environmental



-11%

reduction of SO₂ emissions in
Pola and Kola divisions in
2015-2017



-30-35%

reduction of SO₂ emissions in the
residential area of Norilsk ⁽¹⁾



USD 2.5 bln

committed CAPEX for SO₂
utilization project at Polar
division



Health&Safety



-65%

reduction in LTIFR in
since 2013



+86%

improvement in
occupational safety culture
score since 2014



0.27 LTIFR

below the global mining
industry average ⁽²⁾



Social



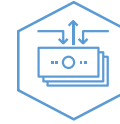
USD 200 mln

charity, sponsorship
and infrastructure
development
programmes ⁽³⁾



RUB 100 bn

tax and non-tax
payments to the
federal and regional
budgets ⁽³⁾



965Km

length of high speed
fiber optics cable to
Norilsk

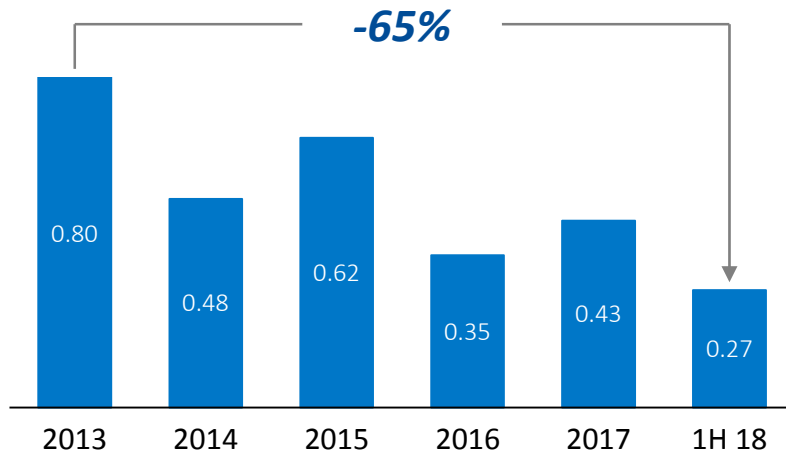
Source: Company data

Note: 1. From the base of 2015, 2. As of 1H 2018, 3. As of 2017

Health & Safety: Steady Improvements

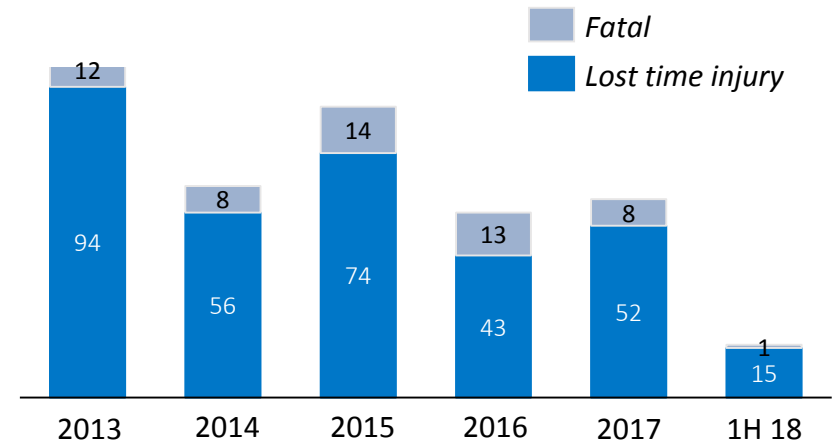
LTIFR: Improved to Record Low Levels

LTIFR (1×10^6)



Accident Statistics Improved

Employees



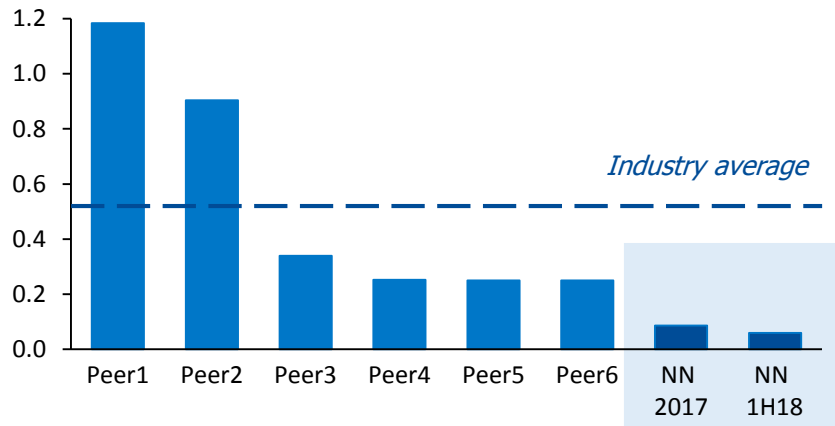
- Company is committed to create a strong safety culture at all levels of the organization

- Total recordable fatal accidents and lost time injury rates decreased by 30% y-o-y in 1H 18
- 22 internal audits of Occupational Safety and Health management system were conducted in 1H 2018
- 37 employees violated cardinal health and safety rules (versus 55 in 1H 2017), of which 33 employees were fired (versus 44 in 1H 2017)

Health & Safety: Strong Performance Relative to Industry

LTIFR ⁽¹⁾ Remains Below the Global Mining Industry Average

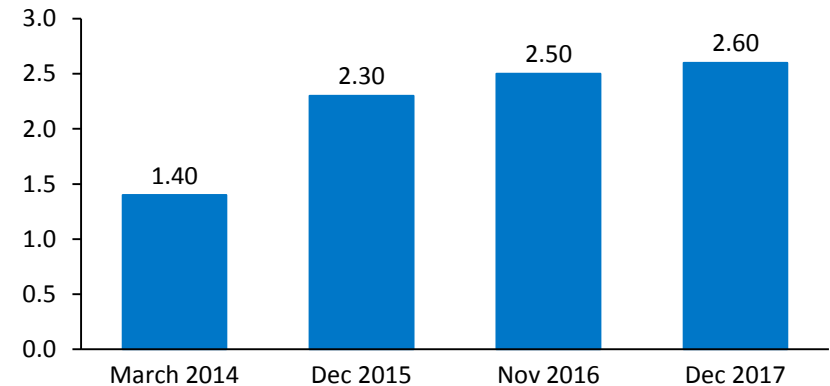
LTIFR per 200k hours



- LTIFR remains below the global mining industry average
- The management considers the health and safety of employees as the key strategic priority and reiterates its commitment to reduce fatalities to zero

Assessment of Occupational Safety Culture Score Significantly Improved Since 2014

Bradley curve indicator, DuPont Assessment



- Improvements in safety culture are driven by the implementation of risk mitigation standards, a safety communication campaign and dedicated risk mitigation programs

Source: Company data, Renaissance Capital ESG Metals and Mining Research, July 2018

Note: 1. As of 2017, peer group includes Impala, Lonmin, Glencore, Rio Tinto, Anglo, Vale, 2. Industry average includes diversified, platinum and gold miners

Health & Safety Case Study: Investigation Results of the Accident at Zapolyrnaya Mine



Accident: In July 2017, 4 workers died and several others were injured after a methane gas explosion at Norilsk's Zapolyrnaya mine

Investigation

The primary causes of the accident were:

- Failure to provide proper ventilation of the mining site
- Failure to comply with the Special Procedures for Mining Operations in Environments with Exposure to Gas guidelines
- Lack of operational oversight



Action Plan



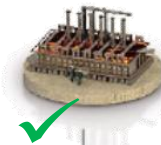
Group wide actions and organizational improvements have been taken to prevent similar events occurring in the future:

- All electrical equipment, industrial wiring and vehicles have been checked for compliance with safety requirements under gas mode conditions
- All diesel vehicles have been equipped with gas control system
- A re-training of workers in the "Special arrangements for the conduct of mining operations in the conditions of the gas regime"
- The frequency of methane measurement in the mine have been increased
- Additional security measures for mining and blasting operations have been adopted, where the release of methane or explosive gases is predicted and (or) observed



Based on investigation results a remedial action plan has been developed and implemented. The investigation have been completed and the findings were shared with all employees

Phase One of the Environmental Program – Shutdown of Nickel Plant within the City of Norilsk Limits

Project	Impact
 Talnakh concentrator upgrade and expansion	Enabled transfer of smelting operations from Nickel to Nadezhda smelter
 Nadezhda plant upgrade & expansion	
 Nickel plant shutdown	SO2 emissions ceased

Reduction of SO2 emissions in Norilsk residential area by 30%

Nickel Plant, June 2015



Nickel Plant, June 2016



Environmental Case Study: Nickel Plant Decommissioning



In August 2016, Nornickel shut down obsolete Nickel Plant in the city of Norilsk, which was a major milestone in improving the environmental situation on the Taymir Peninsula

Key Results: Major Environmental Improvements

Environmental aspect:

- Discontinued emissions of 370 ktpa of air pollutants
- Eliminated 600 sources of air pollution
- Reduced 30% sulphur dioxide emissions in the residential area of Norilsk
- Reduced total SO2 emissions in Polar Division by [15]%
- Shut two wastewater discharge points



Social aspect:

- **65%** of workers were re-employed within the Company
- **3%** were redundant

Next Steps: Site Rehabilitation

Conservation and removal of equipment:

Current status

- Site closed and isolated
- Metal contained waste identified and removed for processing
- Removal of engineering infrastructure and dismantling of equipment launched

Next steps

- Removal of equipment and engineering infrastructure by 2023

Long term target – land rehabilitation

- Feasibility study by 2020
- Buildings demolition
- Evaluation of soil pollution
- Removal of the polluted soil to specially designated waste storages

Key Environmental Investment Projects: 2013-2018

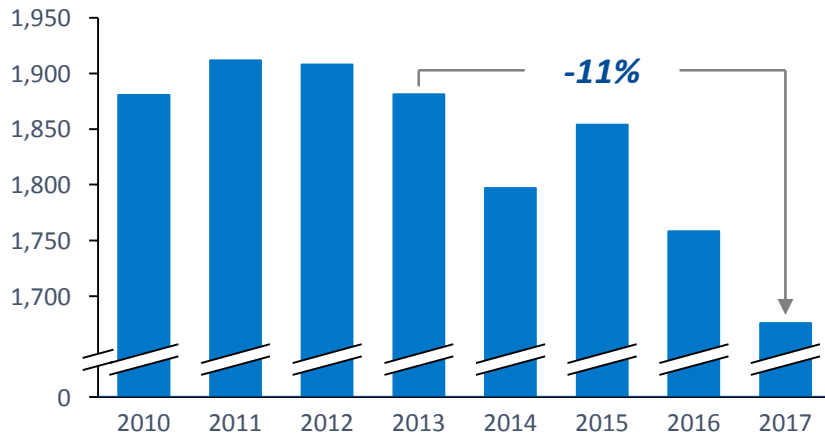
Project	Environmental impact
Polar Division	
Upgrade and expansion of concentration facilities at Talnakh Concentrator	Significant positive environmental impact as result of lower sulphur content in the feed going to smelting and decreased overall sulphur emissions per ton of product
Upgrade of the exhaust gas systems at Copper Smelter	Twelve low-height sources of emissions were removed and dispersion of emissions in the air has been improved as result of gases been redirected from the loading bins and matter and slag mixers to the flue-gas stack (DT-1)
Kola Division	
Switching to concentrate briquetting technology	Sulfur dioxide emissions in Zapolyarny site has been reduced by 90% (appr. 35kt p.a.) as result of the closure of the sinter roasting shop, which was replaced by a newly built low-emission hot briquetting plant
Major overhaul of ore thermal furnace #5	Reduction of emissions at the smelting shop as result of installation of a gas-tight roof arch, upgrade of a charge batch feeding system, smelting control system and gas removal system
Refinery upgrade	The discharge of sulfates and chlorides of sodium, boric acid to the wastewaters from the Nickel Electrolysis Shop has been stopped; instead the chemicals get converted into commodity sulfate and chloride of sodium, boric acid and heat for sale

Source: Company data

Environmental Program Track Record: Reduction of SO₂ Emissions

Polar Division: Sulphur Dioxide Emissions Decreased by 11% since 2013

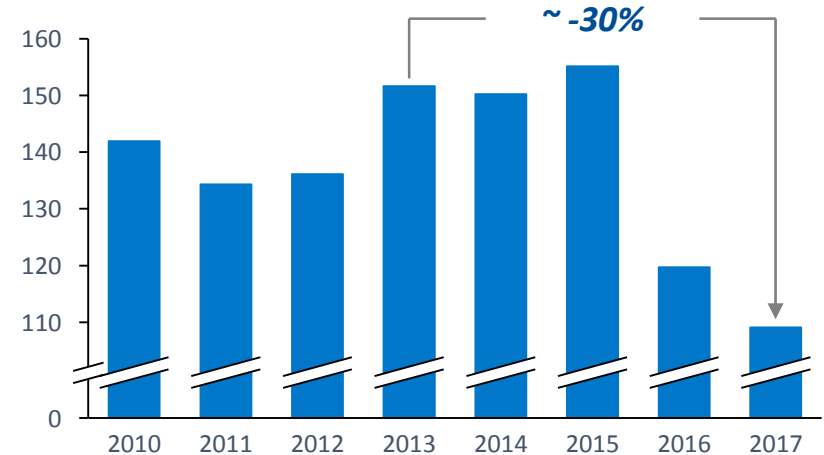
Polar Division SO₂ Emissions, kt



- In 1H 2017, Talnakh Concentrator modernized and capacity expanded (Talnakh stage 2 project completed)
- In 2016, Nickel Plant was shut down

Kola Division: Sulphur Dioxide Emissions Decreased by ~30% since 2013

Kola Division SO₂ Emissions, kt



- In May 2016, agglomeration plant was shut down at Zapolyarny production site
- In 2016, Copper-nickel conc briquette plant launched

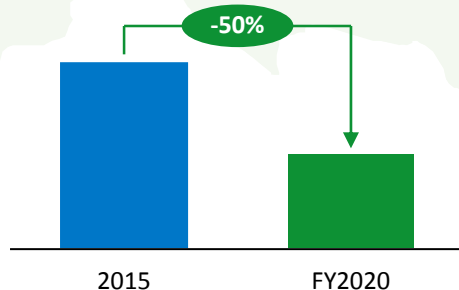
Norilsk residential area emissions reduced by 30-35%

Environmental Program – Key Pillar of the Long Term Strategy

Kola Division

Environmental initiatives aiming at material reduction of cross-border pollution

Total SO₂ emissions at Zapolyarny / Nickel town at the Norwegian border



✓ Briquetting facility launched

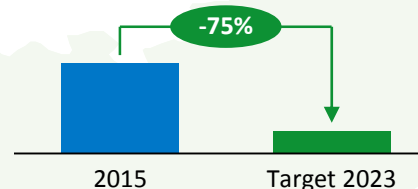
✓ Upgrade of Kola concentrator to produce marketable concentrate and optimize smelting operations

Polar Division

Comprehensive environmental program for Norilsk Region

Total SO₂ emissions in Norilsk Region

CAPEX¹



\$2,5 bn

✓ Nickel Smelter shut down in 2016

✓ ~\$0,6 bn Upgrade of Sulphur production shop at the Copper Smelter launched in September 2018

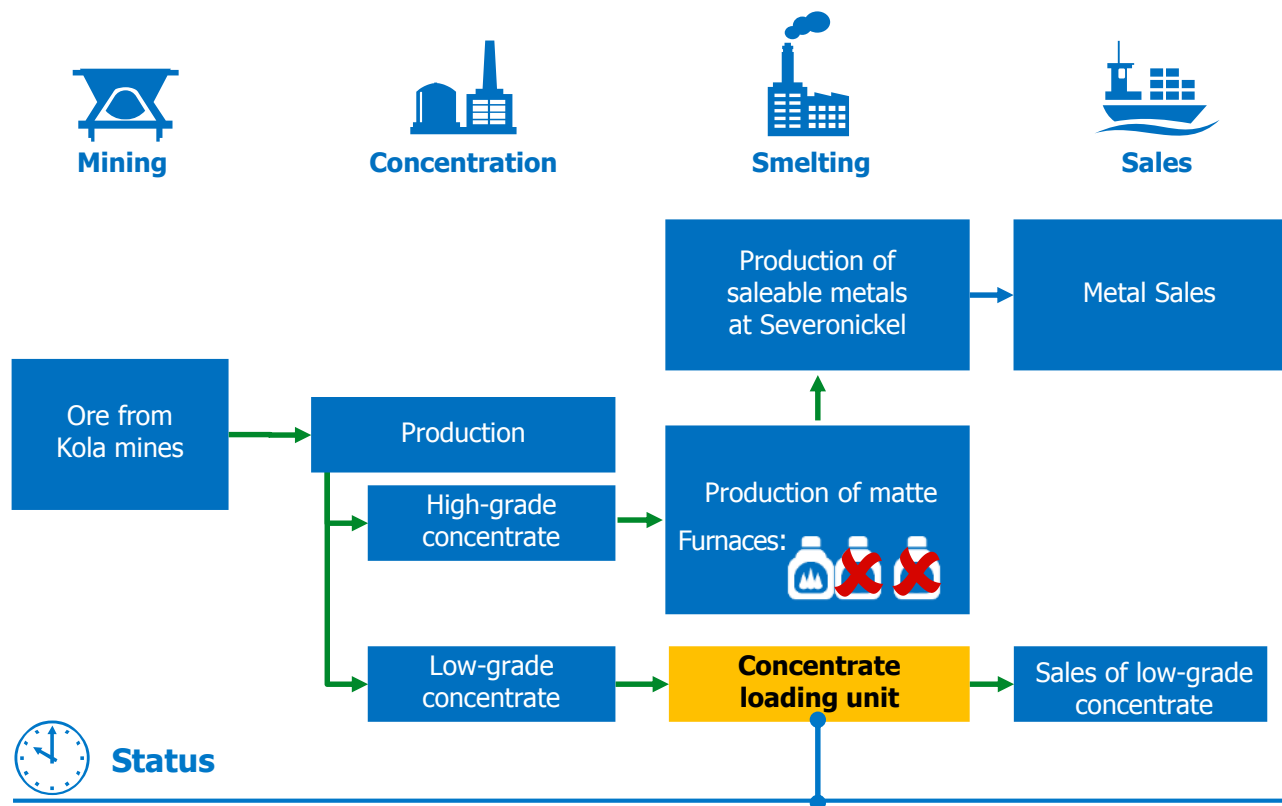


✓ Site preparation and design works for SO₂ capturing and utilization project at Nadezhda Smelter completed

Note 1. USD 2,5 bn. – total CAPEX for Nadezhda and Copper Smelter SO₂ capturing projects and Construction of new converters (replacing converting operations at Copper Smelter)

Emissions Reduction Project at Kola Division

New Design Production Flows at Kola MMC from 3Q 2019



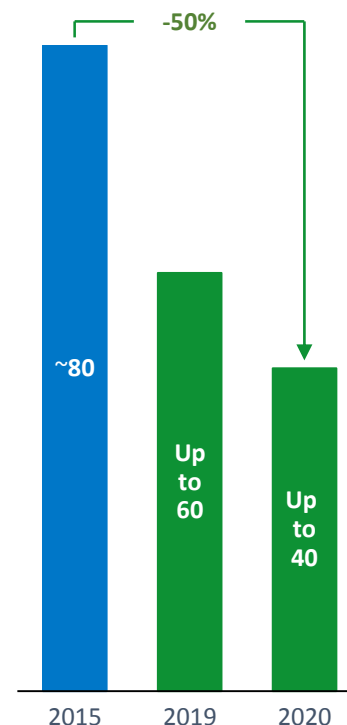
30% of construction works are completed, including:

- Foundation construction - completed
- Main technology equipment installation - in progress

Full completion expected by Q3 2019

Environmental Impact

Total SO₂ Emissions in Nickel Town, ktpa



Waste Management

- ❑ In 2017, the Norilsk Nickel Group re-used 65% of all produced waste and is committed to keep increasing the waste re-usage rates.
- ❑ In 2017, additional measures were taken in the Polar Division to clean water protection zones and industrial areas from industrial and consumer waste.
- ❑ In Polar Division, more than 16 thousand tons of scrap metal have been collected



Conservation of Biodiversity

Preservation of Natural Reserves

- Support of Taimyrsky, Putoransky, Pasvik, Laplandsky and Relict Oaks Nature Reserves
- Protection of rare animal species such as Putoran big-horn, wild reindeer and lesser white-fronted goose (since 2006) listed on the Red Data Book in Taimyr Region
- Reproduction of aquatic bioresources
- Biodiversity Policy approved

Rehabilitation of Disturbed Lands

- Restoration of natural landscapes, the rehabilitation and re-greening of disturbed lands
- Since 2003, Kola MMC rehabilitated 18.5 Ha in Pechenga district and 81.5 Ha in Monchegorsk district
- Environmental Clean Up Campaigns and initiatives: 15 tonnes of garbage were collected on the Kola Bay Coast in September 2017
- Developing a long-term environmental monitoring programmes in the areas of operations

Restoration of Natural Landscapes at Kola

2002



2016



Eco Marathon: Selective Environmental Initiatives



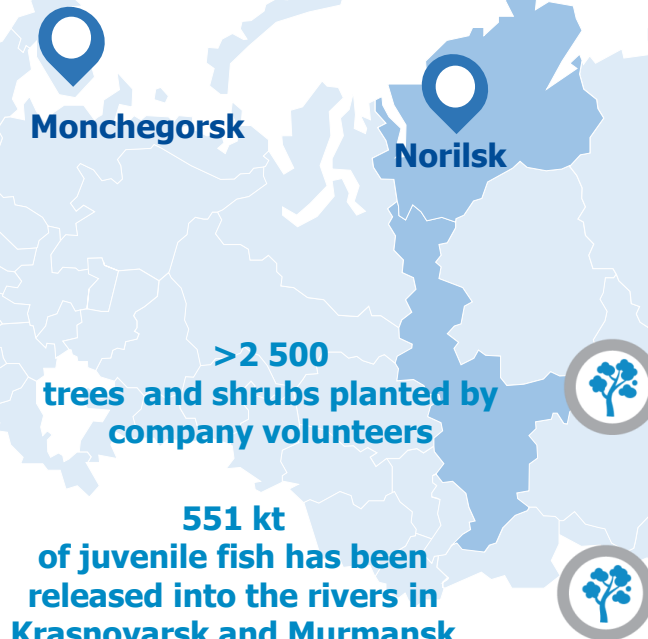
Environmental clean up campaigns



Company's volunteers



Volunteer hours



Selected Social/Charity Projects

MURMANSK

- Support of nature reserves (Lapland State Nature Biosphere Reserve, Pasvik Nature Reserve (the Kola Peninsula))

MOSCOW

- Russia Olympics committee
- Ice Hockey Federation of Russia
- CSKA professional basketball club
- Golden Mask theater festival

SOCHI

- 22d Winter Olympic Games in 2014
- Rosa Khutor Ski Resort
- Zapolyarye Health Resort



One of the highest social expenses/revenue ratios in the Russian natural resources sector

NORILSK

- Housing and relocation programmes
- Construction of ~1,000 km fibre optic high speed internet
- Reconstruction of Norilsk's Alykel airport landing strip
- Support of the Putoransky State Nature Reserve

KRASNOYARSK

- 29th International Winter Universiade in Krasnoyarsk in 2019



Commitment to Developing Sustainable Value

Independent Recognition of Company's ESG Efforts



Signatory to UN Global Compact since 2016



Upgraded to Average performer from Underperformer
Score of **58/100** (up from 49 in 2016)



Rating updated in June 2018

Governance score **5/10** ⁽¹⁾
Environmental score **4/10**
Social score **2/10**



Upgraded to «B» from «CCC»
in December 2017



FTSE4Good

Reiterated as an index constituent in July 2018

Score of **3.1/5** ⁽²⁾
(up from 2.3 in 2017)



Ranked 36/58 in September 2018



Ranked #4/33 in the first environmental ranking of Russian mining companies



Assigned «C-» rating in December 2017



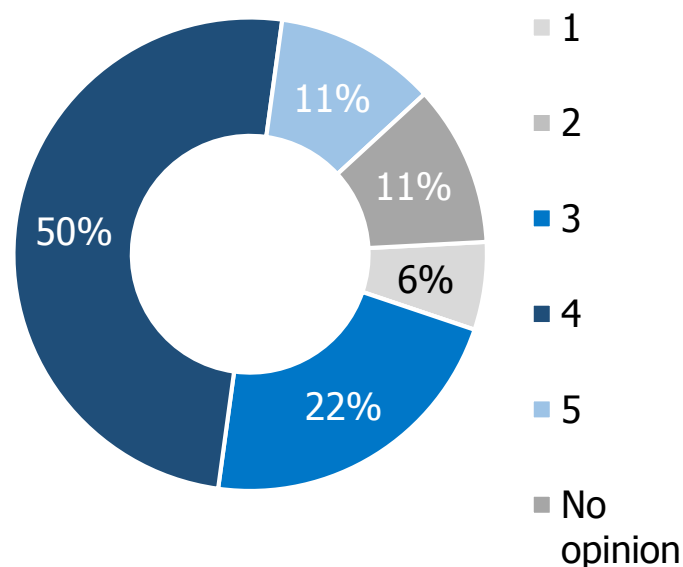
Rated ⁽³⁾ as one of the leaders of «Responsibility and Transparency Index» and «Sustainable Development Vector Index» in 2017

Note: 1. of which 1- is low, 10 – is high risk, 2. of which 5 – is the highest, 3. Russian Union of Industrialists and Entrepreneurs

Norilsk Nickel ESG Initiatives Getting Positive Traction with Investors

ESG Initiatives Progress: 60% of Investors Positively Rate the Progress on ESG Initiatives

3.7 ⁽¹⁾ – overall assessment of the perception of progress towards ESG



«**I would rate Norilsk's progress in ESG initiatives a 4.** If I could split it, I would say 5 goes to environment and, at the same time, governance is sliding» *Anonymous Buy-side Investor*

«By Russian standards, there has been some progress in Norilsk's ESG initiatives. **It has made progress, but not enough for me to give a rating of 4...** We ... need clarity on how the company is going to deal with the environmental issues that come with its assets» *Anonymous Buy-side Investor*

«I would rate Norilsk's ESG initiative progress 5. **The company has made good progress.** This is something that the company has been focusing on and has to do».
Analyst, Sovereign Wealth Fund

«**Besides governance, Norilsk has improved on the environmental and social criteria.** The governance aspect seems to have received less attention though.» *Analyst, Large US Institutional Investor*

«**The company has done a great job on ESG. Norilsk has put a whole new smelter in that reduces pollution.** Norilsk is very proactive and very conscious.» *PM, Large US Institutional Investor*

Source: IPREO

Note: (1). 1=Poor, 3=Average, 5=Excellent

Assessment of Controversies: Country Matters?

It depends...

«South Africa's platinum miners said Tuesday the two-month strike is severely damaging the sector, which has lost nearly a billion dollars in revenue to date. **"The extended strike in the platinum belt is unprecedented, and at a stage where some of its impacts are becoming irreparable,"** said in a joint statement the world's top three producers, Anglo American Platinum, Impala Platinum and Lonmin. **The companies added the financial cost of the strike doesn't really tell the full story:** "Mines and shafts are becoming unviable; people are hungry; children are not going to school; businesses are closing and crime in the platinum belt is increasing," the companies said».

2014, South Africa, www.mining.com

«Nearly **70,000 platinum workers in the South Africa** went on strike. The strike affected all three of South Africa's major platinum producers, with Lonmin hardest hit...Roughly 40% of the world's platinum production was shut down as a result».

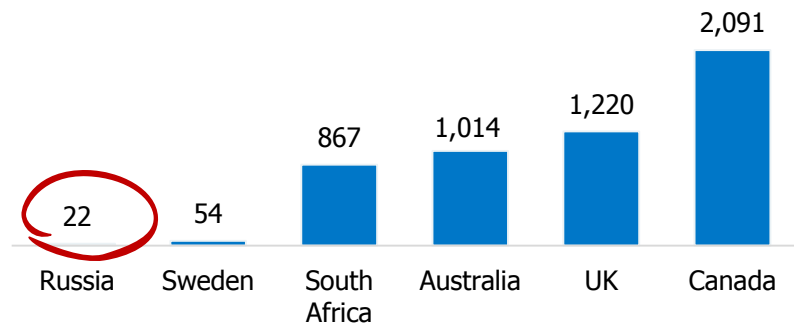
2014, South Africa, www.sahistory.org.za

«**Pilots in Sweden went on strike** on August 10th, with several flights cancelled at Skavsta. Pilots in Ireland, Germany, Belgium and the Netherlands also joined the 24-hour strike over demands for a collective labour agreement and better working conditions and representation».

2018, Sweden, www.theocal.se

Fact Check: International Labor Organization Data – Russia Had the Lowest Number of Strikes and Lockouts

Total number of strikes and lockouts for the period 2007–2017 ⁽¹⁾, days



Assessment: Russia Has the Highest Risk of Labour Unrest Based on «Historical Precedents»? ⁽²⁾

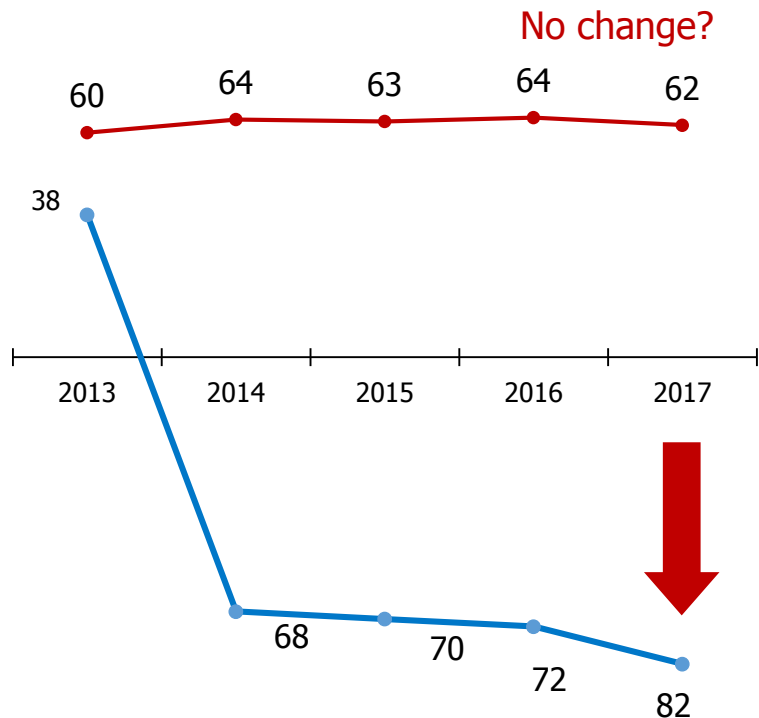


Source: Company data, MSCI

Notes: 1. According to International Labor Organisation data for the period of 2007–2017, 2. MSCI ESG Rating Reports

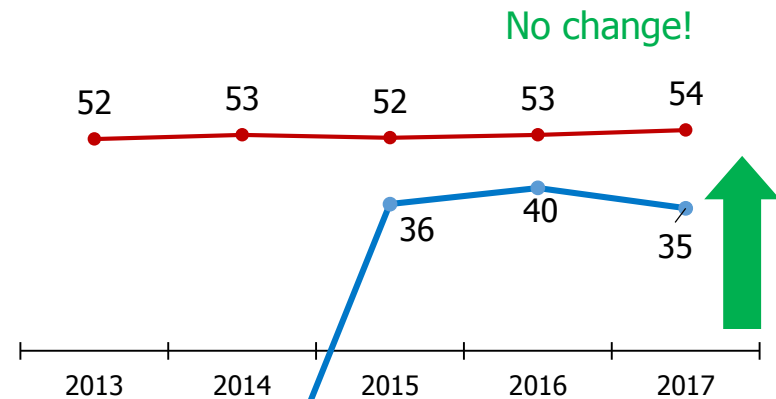
Assessment Controversies: Country Matters? Not Really...

Average ESG Score of the SA Corporates Unchanged
Despite **Sharply Deteriorating** Business Climate...



—●— Doing Business Indicator (lower=better)

...But so Is the Average ESG Score of the Russian Corporates Despite **Major Improvements**



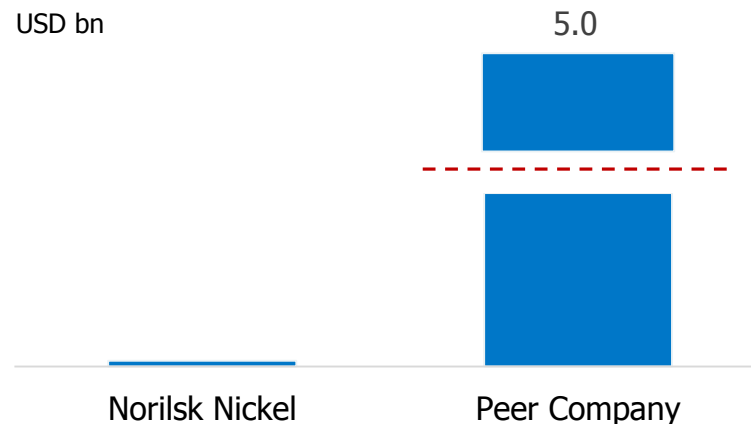
—●— ESG score (higher=better)

Health and Safety – Assessment Controversies

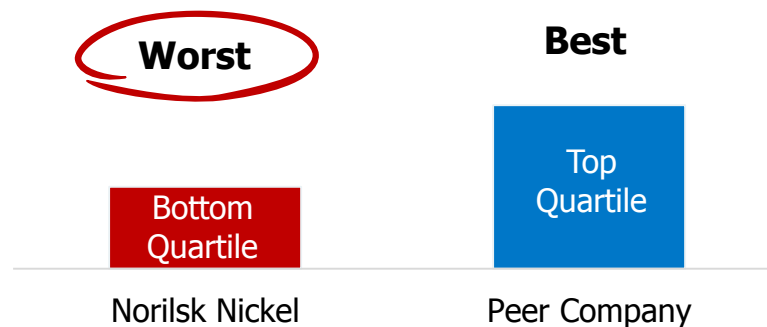
«The Bento Rodrigues dam disaster occurred on 5 November 2015, when an iron ore tailings dam in Mariana, Minas Gerais, Brazil, suffered a catastrophic failure, resulting in flooding that destroyed the village of Bento Rodrigues, **killing 17 people – 12 workers and 5 local residents**. The failure of the Bento Rodrigues dam has been described as **the worst environmental disaster in Brazil's history, as around 60 million cubic meters of iron waste flowed into the Doce River**, causing toxic brown mudflows to pollute the river and beaches near the mouth when they reached the Atlantic Ocean 17 days later. The disaster sparked a humanitarian crisis as hundreds were displaced and cities along the Doce River suffered water shortages. **The owner of the Bento Rodrigues dam, Samarco, was subject to extensive litigation and government sanctions. In 2016, charges of homicide were filed against 21 executives of the companies that own Samarco as a joint venture**».

www.wikipedia.org

Fact Check: Financial Claims Related to Health & Safety Accidents



Assessment: Health & Safety⁽¹⁾



Corruption and Instability – Assessment Controversies

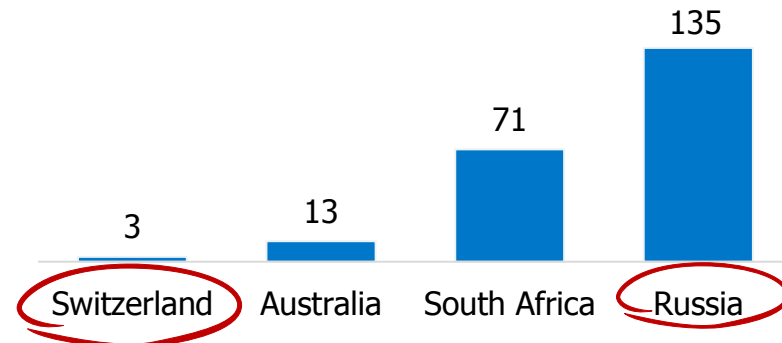
«The US Justice Department ordered ..., a Switzerland-based mining giant, to hand over documents relating to alleged money laundering and corruption. The subpoena pertains to compliance with the Foreign Corrupt Practices Act and US money laundering laws, the company said in a statement, and requests documents concerning business dealings in Nigeria, the Democratic Republic of Congo (DRC), and Venezuela from 2007 to the present. **As part of the deal, two companies later controlled by ... received a total of US\$440 million in discounts in 2008 on payments to a DRC-controlled copper mining company.** ... is also facing a possible bribery investigation by UK prosecutors over its dealings with Gertler».

2018, www.occr.org

Corruption related controversies according to the press
NONE

Nornickel

Fact Check: Transparently International Perception of Corruption in Public Sector



Assessment: Corruption and Instability⁽¹⁾

BB rating

B rating

Top
Quartile

Norilsk Nickel

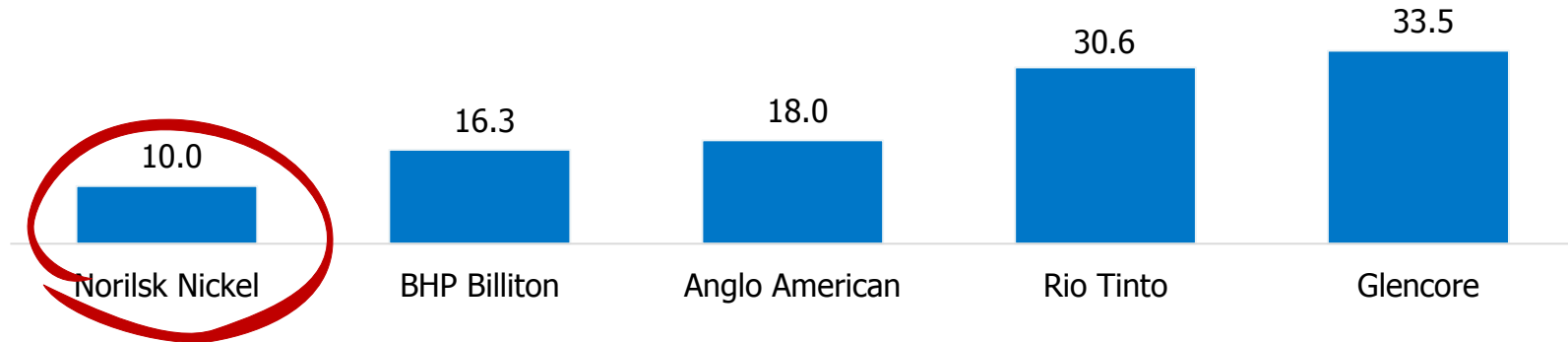
Top
Quartile

Peer from Switzerland

Carbon Emissions – Assessment Controversies

Fact Check: Carbon Emissions in 2017 ⁽¹⁾

mln t



Assessment: Carbon Emissions ⁽²⁾



Note: 1. Companies to CSR and Annual Reports, 2. MSCI ESG Rating Reports

Strong Corporate Governance – Focus on Sustainable Development

Balanced Board Led by Independent Chairman

- Gareth Peter Penny** - Independent Chairman of the Board
- Board includes 6 independent directors (out of 13)
 - All Board Committees have majority by independent⁽¹⁾ directors

Strengthening of the Board's Financial Expertise

- Roger Munnings** - (Newly appointed) Independent Director, Chairman of the Audit and Sustainable Development Committee
- Member of Norilsk Nickel's Board Budget Committee
 - Fellow of the Institute of Chartered Accountants in England and Wales
 - Ex-head of KPMG Russia and CIS

Focus on Sustainable Development

Audit and Sustainable Development Committee

- Oversees the Company's health and safety, major environmental projects and social initiatives

Remuneration Linked to ESG Metrics

Top management compensation – ESG linked

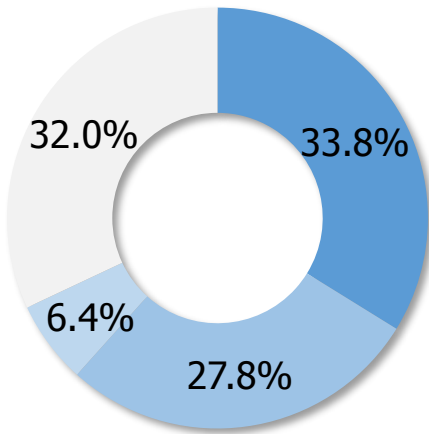
- **Block on the 20-30% of the annual bonuses** of the heads of operating units (including COO) in case of fatal incidents
- **The 20% of the Group's KPI is linked to TRI (total recordable injuries)** performance

Improving Disclosure and Communication

- Launched new ESG section on corporate website
- Further expedited release of IFRS results

Note: 1. Independence definition by Moscow Exchange

Shareholder Structure and Dividend Targets

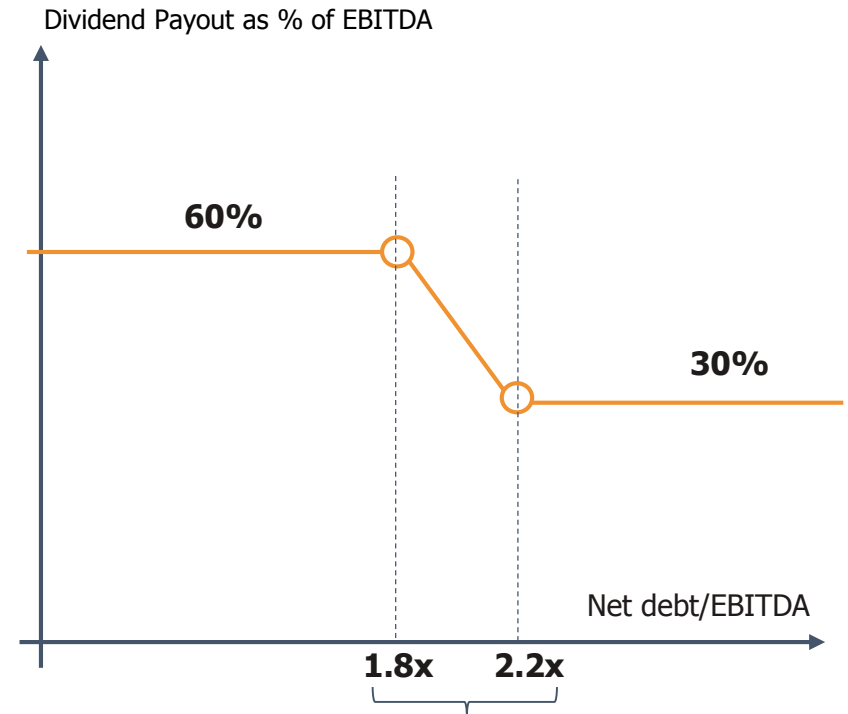


- Interros
- UC Rusal
- Crispian Investments Limited or its affiliates⁽¹⁾
- Other shareholders

Major Shareholders Agreement:

- Valid until January 1, 2023

Dividend Targets



Floating payout ratio of

$$(60\% - (\text{Net debt/EBITDA} - 1.8) / 0.4 * 30\%)$$

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