

# Corporate responsibility

## HR and social policy



### 2017 MILESTONE

In its rating HeadHunter recognised Nornickel as Russia's top employer in the metals and mining industry. This high ranking came as a result of the Company's efforts to build a strong team of professionals.

On top of that, MMC Norilsk Nickel was named the fourth most popular employer with job seekers.

### Strategic focus

One of the Company's focus areas is to nurture corporate culture aimed at boosting employee performance and commitment to delivering against targets.

We view our people as the Company's key asset and keep investing in their professional and personal development to make sure we are on track with the accomplishment of our mission.

To further increase the efficiency of the corporate culture development programme, we integrated our values into the key HR management processes:

- recruitment (we used values to set targets and train the managers and HR staff in job interviewing);
- assessment (we launched a 360-degree review for top executives involved in value-based management);
- development (we developed an Our values training module, Program of the Workshop on the Application of the White Paper<sup>1</sup> and conducted a number of value assignment business games and a hands-on training session in Value-Based Management);
- succession planning (we aligned the training programme with our values).



Our key value is reliability. Throughout the Company's history, we have delivered on our commitments in production and social areas. Today, Nornickel is working hard to develop social infrastructure and digital economy, provide support to indigenous peoples and national minorities of the North, and markedly improve the environment across its footprint – from Taimyr to the Kola Peninsula and Zabaykalsky Krai. We joined forces with local authorities and communities to support the volunteer movement, provide grants to socially important projects, and aide charitable foundations, sports organisations and artistic associations. Over the last years, the unique expertise and know-how we have acquired have gained wide recognition from the Russian expert community. I hope that this annual report will help us share this experience with the industry and contribute to the enhancement of best domestic practices in corporate social responsibility<sup>1</sup>.

#### Larisa Zelkova

Senior Vice President for HR, Social Policy and Public Relations

<sup>1</sup> The White Paper is a corporate publication that tells us what kind of culture we are building; what our common values are and what do they mean; how we achieve our goals. It is a desk assistant to the Company's management, a basic guide to corporate culture, a collection of techniques and practices, motivating examples.

In 2017, more than 3,500 managers, specialists and workers from the Group's 60 facilities took part in the corporate culture development training sessions and forums designed and organised by the Social Policy Department. The Company established working groups to develop and roll out business initiatives on improving systems and processes. In 2018, the programmes are set to have a wider coverage.

In the reporting year, the Company launched a series of personnel engagement management initiatives, which included:

- providing employees with an opportunity to maintain an ongoing dialogue with the management;
- assessing the staff motivation to achieve targets and approving changes in the business processes and working conditions based on objective data;
- identifying tools to enhance the competitive edge in human resources and boost the Company's appeal as an employer.

Over 73,000 employees from the Company's 32 facilities and Russian subsidiaries took part in the personnel engagement survey.

Our social and HR policy prioritises social stability of the workforce deployed across the Group's companies and geography.

## Staff composition

In 2017, the Norilsk Nickel Group's average headcount totalled 78,000 people in Russia and 1,000 people abroad.

Most of the Russia-based employees (69%) work in Norilsk and the Taimyrsky Dolgano-Nenetsky Municipal District. Another 17% of the Group's Russian headcount work on the Kola Peninsula.

### Evolution of the Norilsk Nickel Group's average headcount

Region/country of operation	2015	2016	2017
Russia	81,637	81,081	77,991
Africa	1 650	586	605
Europe	307	311	326
Asia	14	13	13
North America	10	10	10
Australia	6	5	5
<b>Total</b>	<b>83,624</b>	<b>82,006</b>	<b>78,950</b>

A decrease in the average headcount in 2017 was due to the disposal of non-core assets and implementation of a programme to improve labour productivity and reduce costs.

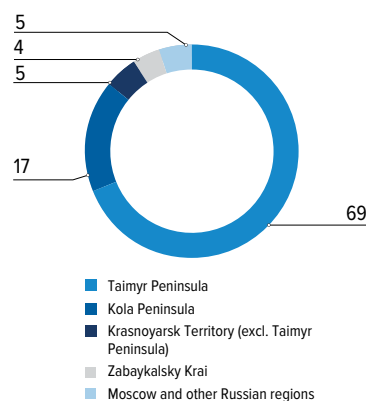
**73**  
thousand of employees

from the Company's 32 facilities and Russian subsidiaries took part in the personnel engagement survey

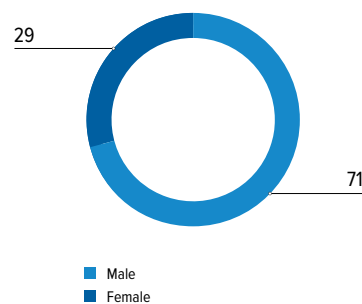


Manifesto of our values

### Headcount breakdown by Russian operations // %



### Gender breakdown across Russian operations // %



## Recruitment

In 2017, the Company focused mainly on increasing its visibility as an employer and staffing GRK Bystrinskoye.

GRK Bystrinskoye, Russia's largest mining and processing facility, successfully completed its ambitious recruitment exercise.

As part of the large-scale recruiting campaign, we informed over 9 million people from 26 Russian regions about the launch of GRK Bystrinskoye providing advice on the working conditions and available jobs. To stay in touch with the job seekers, the Company set up a dedicated toll-free hotline. In nine months, we hired 1,900 highly qualified workers, engineering service officers (ESOs) and managers.

### Partnerships with universities

To make jobs in the metals and mining industry more attractive for young people and help develop skills in personnel, Nornickel pays special attention to collaboration with Russia universities. In 2017, the Company invited 400 students from dedicated universities to take part in its Career Start-Up programme. Nornickel was the first company in the Russian mining industry to engage students and graduates in solving real business tasks.

The students obtained practical skills as part of their apprenticeship at the Company's major facilities along, while also gaining unique knowledge by taking part in the Conquerors of the North business game. In the span of two summer months, the programme participants were offered to take a hands-on training experience and compete in a multi-stage business game with a focus on team work to try and tackle some of the Company' real tasks. The Company engaged 20 of its top experts to provide mentorship support to the participants.

Nornickel places a strong emphasis on engineering education in Russia and partakes in the promotion of relevant professions among school graduates and university students. 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 gaining insights into the Company's business processes.

### Assistance programme

Due to the remote location of MMC Norilsk Nickel's industrial sites, the Company is actively engaging employees from other Russian regions. To help them settle in faster, we launched a programme called Assistance to New Employees in Adapting to the New Place of Residence in Norilsk and the Taimyrsky Dolgano-Nenetsky Municipal District. The programme does not only target highly qualified specialists and managers, but also focuses on attracting young talents and skilled workers to fill positions on the skills shortage list. Today, the programme covers 1,715 of the Company's employees, including 267 new participants who joined in 2017. With this programme the Company seeks to provide comfortable living conditions for the invited employees and reimburse their relocation and resettlement costs.

In order to identify and recruit the best candidates to fill open vacancies and reduce staff turnover, in 2017, the Company started using the latest methods of employee evaluation and capacity assessment. Those help measure abilities and risk appetite of each individual, which are important in recruiting candidates to positions with a high level of exposure to occupational hazards. They are also helpful in obtaining information about each employee's motivating and demotivating factors. The project was first piloted at GRK Bystrinskoye where 100% of new employees (all the way up from workers to managers) were recruited following successful assessment. The Company selected candidates based on their learning curve, teamwork skills and low risk appetite, which are essential for all staff categories, from top management to workers. Experience shows that this method helps reduce onboarding time for employees and minimise occupational safety risks.

### Financing under the Assistance programme // USD mln



## Personnel development

Respect for employees and their rights lies at the heart of Nornickel's business. The protection of human rights is reflected in a number of the Company's documents, including Business Ethics Code, Personal Data Policy, Anti-Embezzlement Regulation and Human Rights Policy.

### Talent pool

In 2017, the Company continued rolling out its talent pool management system to include the process of recruiting lower and middle line managers. The relevant approaches are set out in the Talent Pool Regulation of MMC Norilsk Nickel. In 2017, the Company primarily focused on designing and implementing training and development programme for the talent pool and their mentors, with 99 mentors fully trained during the year. Also, the Company set up a new programme for the talent pool. The comprehensive training system 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, the Company started assessing the capacity, current performance and development prospects of its middle and top managers, with 81 managers from Kola MMC, Pechengastroy, Norilsknickelremont and Norilsk Support Complex listed as those with a high career growth potential in 2017.

To define priority development areas for its management, at the end of 2017, the Company ran a 360-degree competency review using an updated competency model built around values and management competencies. Based on the review results and relevant feedback, each participant could choose the right path for development and select required tools and methods using a dedicated roadmap for development activities. In 2018, the training programme for the Head Office's managers will be based on their individual development plans.

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's operations, consolidate relevant data into a shared database, boost efficiency and streamline approaches to talent pool building. Its other advantages include:

- reduced labour input required to collect and consolidate data and control talent pool building across our key production assets;
- reduced labour input required to timely identify and recruit candidates to fill positions with the highest priority in succession planning;
- standardised talent pool building process at Russian subsidiaries, an option to transfer the process to the shared service centre, procedure compliance control within the system;
- full and reliable information available at every stage of the talent pool building cycle;
- engagement of mentors and unit heads, streamlined talent pool assessment and data collection procedure;
- shared information environment for all stakeholders, additional feedback opportunities for employees;
- timely planning of talent pool development, increased hiring from the talent pool.

The reporting year saw the Company complete its project to assess professional competencies of managers in the Power and Mechanics functional units. As part of the assessment, 250 managers took specially designed tests that helped identify areas for their professional development.

In 2018, Nornickel will partner with Russia's leading universities and institutions to organise training for all unit managers giving them an opportunity to learn more about the cutting-edge technologies and best practices. The training programmes will enable managers to enhance their managerial and professional competencies at the leading business schools.

### The operating efficiency training

In September 2017, 55 managers embarked on the operating efficiency training at Moscow's Skolkovo School of Management. The project seeks to develop key management competencies with a focus on operating efficiency, a new approach to production management, better understanding of business and business environment, wider planning horizon, enhanced vision of the Company's prospects, analysis of the latest technologies, approaches and best practices in production management, and also their possible use and roll-out across the Group. At the end of the session, the trainees will have to come up with target strategic projects to boost operating efficiency of the Company's facilities.

### Enhancing professional excellence

With our reconfigured production cycle, modernised operations, new technologies and approaches, and a rapidly changing operational environment, we need to make sure our employees meet the new expertise, skill and competency requirements. The corporate training framework must provide employees with a quick and easy access to new knowledge, helping them master new professional skills and receive training and development support for horizontal and vertical job rotation.

In 2017, we proceeded with the diagnostics and management of professional skill development across our mining facilities, building a professional competency model for lower and middle line mine managers, defining knowledge and skills requirements for each position, and developing a set of test questions to assess professional competencies of line managers at mining facilities. This year, we will carry on with this work.

In 2017, we completed a large-scale programme to retrain over 94,600 employees of the Group, including more than 24,000 people aged below 30. Over 52,000 employees were trained in corporate training centres.

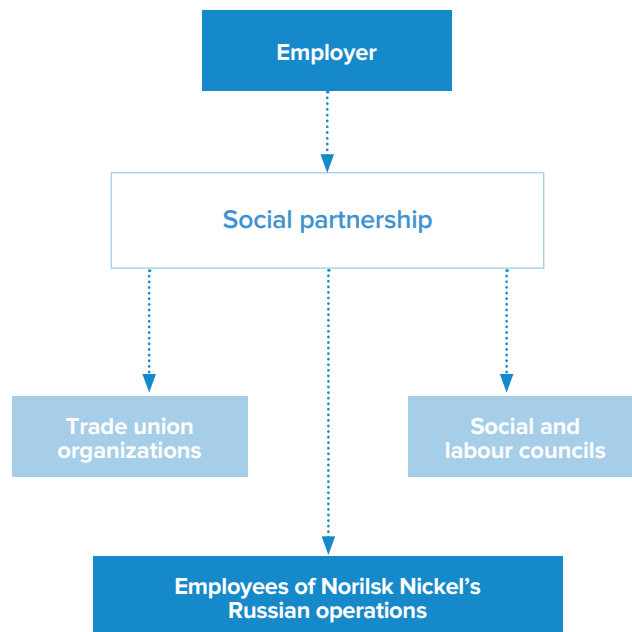
An area of special attention is the introduction of modern technologies to assist in the training of various personnel categories. In 2017, we developed interactive training in occupational safety.

### Social partnership

Russian operations of Norilsk Nickel have established a social partnership framework aimed at reconciling the interests of employees and employers on matters pertaining to the regulation of social and labour relations.

The Company meets all obligations under the Labour Code of the Russian Federation, collective bargaining agreements and joint resolutions.

### Social partnership framework



In regulating labour relations, employee interests are represented by trade unions and social and labour councils.

## Trade union organizations

Trade unions of the companies located in Norilsk and on the Taimyr Peninsula form a single Trade Union Organisation of PJSC MMC Norilsk Nickel, its Subsidiaries and Affiliates. Trade unions of the companies operating in the Murmansk Region are joined under two umbrella trade union organisations – Regional Trade Union Organisation of Kola MMC Employees and Primary Trade Union Organisation of Kola Mining and Metallurgical Company.

As at the end of 2017, 10.9% of employees engaged in Norilsk Nickel’s Russian operations were members of trade union organisations.

Trade union organisations of Nornickel and its subsidiaries, Kola MMC and its subsidiaries, GRK Bystrinskoye, NordStar Airlines and Zapolyarye Health Resort are all members of the Trade Union of MMC Norilsk Nickel Employees, an interregional trade union organisation. In the reporting year, the relationship between the employer and the Trade Union was governed by the Social Partnership Agreement signed in 2014 to formalise implementation procedures for joint initiatives ensuring sustainable performance, operating and financial excellence, employee welfare, health and safety, and enhancement of social benefits.

### Membership in trade unions // %

Company	Employees enrolled in trade unions
Gipronickel Institute	15
Group’s operations in the Norilsk Industrial District	8
GRK Bystrinskoye	15
Kola MMC and subsidiaries	15
NordStar Airlines	17
Zapolyarye Health Resort	30
Lesosibirsk Port	38
Yenisey River Shipping Company	55
Krasnoyarsk River Port	62

## Social and labour councils

The Group's companies located in the Norilsk Industrial District, Taimyrsky Dolgano-Nenetsky Municipal District and Murmansk Region established social and labour councils back in 2006 to represent the interests of employees who are not members of trade unions. Chairs of the local councils make up the Social and Labour Council of MMC Norilsk Nickel and the Social and Labour Council of Kola MMC. To ensure regulation of social and labour relations, negotiation, drafting and signing of collective bargaining agreements, holding of bilateral consultations, respect of the employees' labour rights and participation of employee and employer representatives in out-of-court settlements, the Russian companies of Nornickel set up the following collective decision-making bodies: collective bargaining commissions, labour dispute commissions, social benefits commissions/committees, social insurance commissions, health and safety commissions/committees, social and labour relations committees, etc.

In 2017, the share of employees represented by social and labour councils across the Norilsk Nickel Group stood at 82%.

### Collective bargaining agreements

The collective bargaining agreements of Nornickel's Russian companies comply with the applicable laws and meet the majority of employee expectations.

**82%**

of employees represented by social and labour councils across the Norilsk Nickel Group

**11%**

of employees engaged in Norilsk Nickel's Russian operations were members of trade union organisations at the end of 2017

In 2017, many of the Group's Russian companies entered into new collective bargaining agreements or extended the expired ones. Collective bargaining commissions also amended some of the agreements during the reporting year. The need to make those amendments was mostly related to adjustments in wage rates arising from legislative changes, organisational structure transformation and introduction of a new automated HR management system. One of the key changes was the review of the payroll system, which led to an increase in the fixed (guaranteed) part of the salary. The payroll adjustments were made in strict compliance with the applicable laws subject to the consent of every given employee. As a result, the Collective Bargaining Commission of MMC Norilsk Nickel reviewed old wage rates and salaries and approved the new ones which came into effect on 1 April 2017.

There were no social or labour disputes during the reporting period.

In 2017, the share of employees covered by collective bargaining agreements stood at 80%.<sup>1</sup>

## Incentive programmes

### Remuneration system

Nornickel's remuneration policy aims to:

- attract and retain employees;
- promote higher labour productivity;
- ensure administrative efficiency and streamlining;
- enforce compliance with legal requirements.

The remuneration package consists of the fixed and variable components (70% and 30%, respectively) paid based on the Company's operating performance and achievement of relevant KPIs.

The underlying principles of the remuneration policy include:

- internal equity – remuneration management based on HAY Group job description and evaluation methodology;
- external competitiveness – remuneration level determined based on the labour market data, with adjustments made for the company's focus area, business location and job grades;
- performance-based incentives – changes in the pay level subject to the annual performance assessment outcome;
- simplicity of the remuneration system – pay level calculation and review procedures are clear for every employee.

In addition to salaries, the Company's employees enjoy a variety of benefits. Reimbursements of vacation travel expenses (round trip travel expenses and baggage fees) for employees living in the Far North and their families, and provision of discounted tours for health resort treatment account for 69% of total employee benefits.

### Average monthly salary across the Group's Russian operations

Currency	2015	2016	2017
USD <sup>2</sup>	1,393	1,405	1,784
RUB '000	84.9	94.2	104.1

### Company's expenses on employee benefits across the Group's Russian operations // USD '000

Indicators	2015	2016	2017
Total expenses on employee benefits across the Group's Russian operations	102,000	103,000	122,539
including the amount spent per employee	1,300	1,300	1,571

# 80%

the share of employees covered by collective bargaining agreements

<sup>1</sup> Including entities that have no collective bargaining agreements in place but have approved local regulations that make MMC Norilsk Nickel's Collective Bargaining Agreement effective at these entities, including foreign assets.

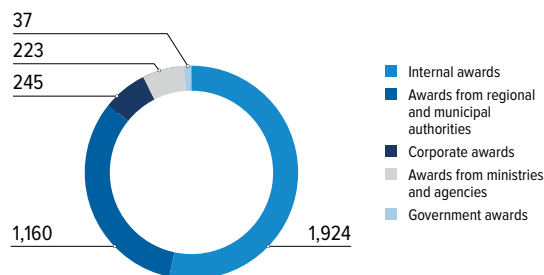
<sup>2</sup> based on the average annual USD/RUB exchange rates of 58.3529 in 2017, 67.0349 in 2016 and 60.9579 in 2015.

## Efficiency improvement programmes

The Company implemented its employee performance management system back in 2014, with assessment relying on a variety of key performance indicators (KPIs), including occupational safety, operating efficiency and capital management. In 2017, some 4,326 people (employees of the Company's Head Office, branches and subsidiaries) took part in the KPI-based assessment. The new system helped develop uniform criteria for the evaluation of employee performance enabling the management and employees to align the current year's priorities with performance indicators of the Company/ branches/subsidiaries and join their forces to find a path for delivering on the tasks in hand. Moreover, this system makes it possible to link an employee's performance to his/her pay level.

In 2018, we will continue the roll-out with a focus on SAP HCM-based performance assessment automation across the Company's operations. In 2017, the automated SAP Human Capital Management system was implemented at Medvezhy Ruchey, Nor Nickel – Shared Services Centre, NORMETIMPEX and Bystrinsky Transport Division of MMC Norilsk Nickel. On top of that, 2017 saw the roll-out of the Talent Pool and Performance Assessment automated management subsystems at Polar Division, Kola MMC, Pechengastroy and GRK Bystrinskoye. The performance assessment results are also used to nominate employees for awards.

## Awards for outstanding operational achievements, long track record and work commitment



## Social programmes for employees

### Health improvement programmes for employees

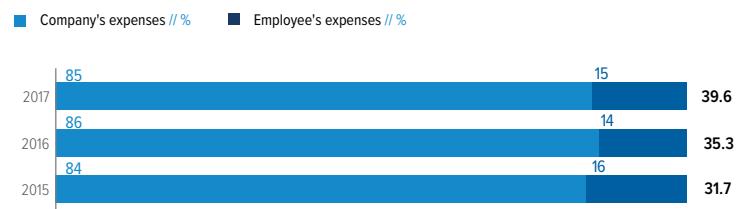
The harsh climate of the Far North and the heavy working conditions of the mining facilities require that the Company make an extra effort to protect its employees' health. Hence, health improvement and health resort treatment programmes for employees and their families are a key priority of the Company's social policy.

In 2017, more than 9,200 employees and their families received recreational treatment in Zapolyarye Health Resort (Sochi) owned by the Company. Some 15,500 people spent their vacations in other health resorts, including approximately 5,000 employees who travelled to Bulgarian resorts and over 2,000 staff members who went to Hainan (China).

The health resort treatment programme is designed to prevent the development of chronic diseases among the employees' children and give them an opportunity to take full advantage of their summer vacations. As part of this programme, some 1,500 children spent their holidays in Anapa and Loutraki (Greece).

Health improvement and health resort treatment programmes for employees and their families are a key priority of the Company's social policy.

## Financing of health resort treatment and vacation programmes for employees and their families // USD mln





## Sports programmes

Sports programmes aim to promote a healthy lifestyle, foster corporate solidarity, and develop corporate culture.

The Company pays special attention to corporate competitions, including in such popular sports as futsal, volleyball, basketball, alpine skiing, snowboarding and swimming. Family sports contests are yet another focus area. In 2017, hockey became the latest addition to that long list.

To ensure further development of amateur hockey across the Company's footprint, the region of Norilsk was included in Conference North of the Night Hockey League in December 2017.

In July 2017, Nornickel staged its first corporate team competition under the Hero Race franchise. Some 4,000 people (76 teams), including residents of the Norilsk Industrial District and Murmansk Region, took part in the race.

Events for local communities include annual Spartakiads. In Norilsk, there are 14 sports on Nornickel's Spartakiad list, with some 4,800 people participating in the competition. In the Murmansk Region, the Spartakiad of Kola MMC includes 16 sports ensuring participation of approximately 3,300 people.

One of Nornickel's social policy highlights is the support of amateur sports. In 2017, over 25,000 employees and local residents took part in Nornickel's corporate mass sports events.

## 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.

In the reporting period, the Company continued implementing its 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 subsidiary-owned facilities 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 housing units, including 422 apartments in 2017.

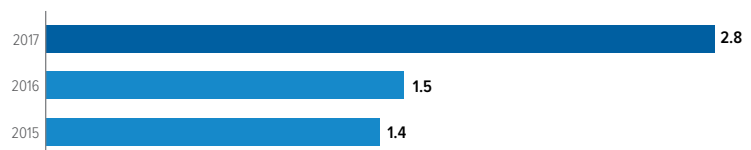
As part of the programmes, the Company purchases ready-for-living apartments in various Russian regions at its own expense, and provides them to eligible employees under co-financing agreements. The Company pays up to half the cost of the apartment (but in any case no more than USD 35,000), with the 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.

+87%

**2.8**  
USD mln

financing of sports programmes in 2017

### Financing of sports programmes // USD mln



In 2014–2017, the apartments were purchased in the Moscow and Tver Regions, as well as 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 launched a new housing programme based on mortgage subsidies – Temporary Assistance Programme for Employees of Polar Division and Kola MMC in Acquiring Residential Property, in 2016–2017. The programme is designed to provide a wider choice of residential locations, with employees entitled to an interest-free loan to make a down payment and partial reimbursement of the mortgage interest. The programme has proved efficient in retaining highly qualified specialists. Some 200 employees have already taken part in the pilot, with over 110 people tapping into the allocated funds. Hence, a decision was taken to roll out the programme on an ongoing basis and transform it into Corporate Social Subsidised Loan Programme for Employees of Nornickel and its Russian Subsidiaries. The launch of the programme is scheduled for Q1 2018.

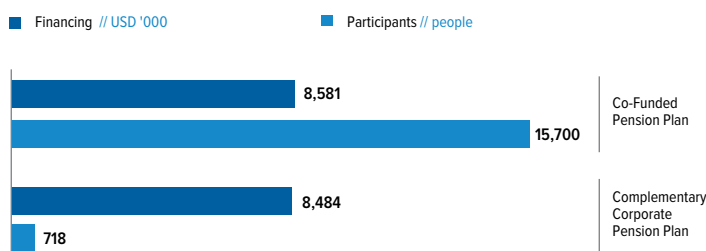
### Pension plans

Nornickel offers its employees non-governmental pension plans.

Under the Co-Funded Pension Plan, the Company and its employees make equal contributions to the plan.

The Complementary Corporate Pension Plan provides incentives for pre-retirement employees with considerable job achievements and an extensive employment record.

### Pension plans in 2017



### Financing of Co-Funded Pension Plan // USD mln



**200**  
employees

have already taken part in the pilot housing programme

In total **3,826** apartments  
have been purchased under the housing programme since 2010

## Social investments



### 2017 MILESTONES

In September 2017, Nornickel built a 40 Gbps broadband internet network in Norilsk, with the project costs amounting to USD 43 mln (RUB 2.5 bn). The network is strong enough to support operations of the Norilsk Nickel Group, as well as local mobile operators, government bodies and municipal authorities.

[For more details, please see Infrastructure development](#)

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Nornickel and Zabaykalsky Krai government entered into a cooperation agreement providing for the local government support of Nornickel's investment projects, including Bystrinsky GOK. On its part, Nornickel undertakes to allocate at least RUB 3.29 bn by 1 January 2027 to finance social projects of Zabaykalsky Krai's government and municipalities.

Development of social entrepreneurship is among the focus areas of Nornickel's World of New Opportunities charitable programme. In 2017 alone, the Company allocated some RUB 11.5 mln for five business projects focusing on the regional social issues. The funds were provided in the form of interest-free loans for a period of two years.

[For more details, please see World of New Opportunities](#)

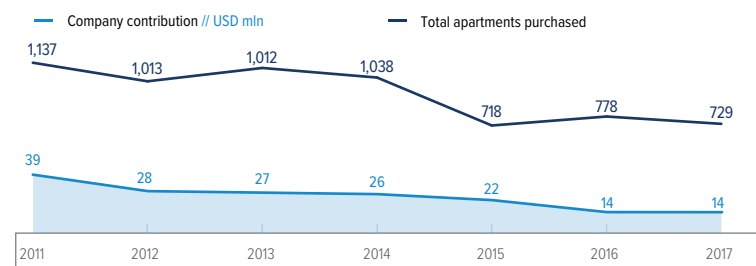
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## Relocation programme

In 2017, the Company and the Government continued joint implementation of a long-term target programme to relocate people living in Norilsk and Dudinka (Krasnoyarsk Territory) to Russian regions with more favourable climatic conditions. Introduced in 2011, this ten-year programme provides for 11,265 families residing in Norilsk and Dudinka to be relocated from these municipalities as entitled to housing subsidies under Federal Law No. 125-FZ On Housing Subsidies for Citizens Migrating from the Far North Regions and Equated Territories dated 25 October 2002. The Company acts as a programme sponsor.

In 2017, the programme budget totalled RUB 8.3 bn. Since the programme launch, the Company has transferred to the local budget a total of USD 169 mln (RUB 6.2 bn), including USD 14.2 mln (RUB 830 mln) in 2017. In 2011–2017, 6,515 families purchased new homes on the “mainland” and moved there, including 5,458 families from Norilsk and 1,057 families from Dudinka.

### Relocation programme results



**6,515**  
families

purchased new homes on the “mainland” and moved there in 2011–2017

**169**  
USD mln

the Company's contribution to the relocation programme since 2011

In 2017 alone, Krasnoyarsk Territory's Ministry of Construction, Housing and Utilities issued 685 home purchase certificates under the applicable housing quota.

**Local development**

The Company makes a significant contribution to the development of local communities by implementing a series of social programmes targeting current and potential issues in its key regions of operation, including the Krasnoyarsk Territory, Kola Peninsula and Zabaykalsky Krai.

**Support of indigenous peoples.** Nornickel recognises the right of indigenous peoples to preserve their traditional way of life, stick to the age-old environmental management practices and have decent living conditions. The Company adopted the Indigenous Rights Policy that defines Nornickel's key commitments towards the rights of indigenous peoples. In 2017, there was no record of the Company violating the rights of indigenous minorities.

For several years now, the Company has been supporting initiatives to improve living standards of the Taimyr Peninsula's indigenous people.

One of such initiatives is the Comfortable Taimyr project launched in 2017. Under this ambitious programme, the Company will invest USD 1.5 mln to construct 2,500 sq m of housing in the Tukhard settlement, where indigenous people live. A trilateral agreement to this effect was signed between the Company, Taimyr Administration and Yenisey United Bank in April 2017 during the Krasnoyarsk Economic Forum.

In an attempt 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 and provides presents and prizes for the winners

in various competitions. To that end, the Company purchases items that enjoy the greatest popularity among locals, including tents, gasoline power generators, household equipment, outboard motors, inflatable boats, GPS navigators, sleeping bags, binoculars, etc. The Company also offers regular financial help to public Taimyr-based organisations.

To ensure the sustainable development of the Taimyr region, the Company provides assistance to indigenous peoples of the North, including by helping to organise air transportation and supplying construction materials and diesel fuel.

Children of reindeer herders in the Tukhard tundra are provided with comprehensive meals as part of the Food Programme carried out in association with the Dudinka Department of Education. In line with the effective agreements, foods for the local hospital and primary school are supplied by Norilskgazprom's Procurement Unit at below-market prices.

**Infrastructure development.** Nornickel is actively involved in the development and renovation of social infrastructure across its footprint, looking to create accessible and comfortable environments for work and life.

In September 2017, the Company completed the construction of a fibre optic communication line running through a permafrost zone between Novy Urengoy and Norilsk to secure internet connection for local businesses, institutions and individuals. The line is 960 km long, with its most technically challenging section laid under the Yenisey River bed. Along with the Norilsk residents, people living in Dudinka also got access to the broadband internet service. The communication line will run in a pilot mode until Q2 2018 when all the tests are completed and the line is put into commercial operation.

**1.5 USD mln**

will be invested to construct 2,500 sq m of housing in the Tukhard settlement

As part of a public-private partnership, the Company continues its work to upgrade the civil section of Norilsk Airport in accordance with the memorandum of intent signed by MMC Norilsk Nickel and the Federal Air Transport Agency under the Russian Transport Development Federal Programme for 2014–2018. The Company will allocate over USD 50 mln (RUB 3 bn) to finance the project. The works are spread out over three construction seasons to avoid airport closure. In 2016–2017, the focus was on the runway upgrade, which is expected to be completed in 2018. In the same year, we will achieve significant progress in repairs of the apron for civil aircraft. The works will be completed in 2019 and will not affect the flight schedule.

Our support for sports is becoming more consistent. It is not limited to the financing of occasional sports events, as Nornickel strives to develop a more comprehensive approach by investing in sports facilities, new schools, sports grounds and mass events promoting sports and healthy lifestyles.

In 2017, the Company allocated USD 343,000 (RUB 20 mln) to finance the construction of a sports facility in Monchegorsk (a prefab structure with a football pitch). Its commissioning is scheduled for March 2018.

Another project of Nornickel, which is supported by the Krasnoyarsk Territory Government, is to build a unique golf field in the northern city of Krasnoyarsk to drum up people’s interest in the game of golf.

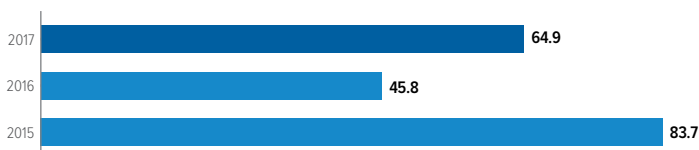
## The Norilsk residents and people living in Dudinka got access to the broadband internet service.

Nornickel is also helping Krasnoyarsk authorities to put in place new smart bus stops. They are planned to be installed in 2018 and will be fitted out with safety and surveillance systems, mobile chargers, wi-fi hotspots and other options. The Company allocated some USD 120,000 (RUB 7 mln) to finance the project.

**World of New Opportunities.** The Company launched its World of New Opportunities charity programme to encourage and promote sustainable development of local communities, with the programme primarily aiming to develop soft skills in local communities, demonstrate and introduce new social technologies, support and promote public initiatives, and encourage cross-sector partnerships. In 2017, after the commissioning of Bystrinsky GOK in Zabaykalsky Krai, the World of New Opportunities footprint expanded to cover local municipalities. In Chita, the Company launched its Socially Responsible Initiatives Competition, Arctic.PRO R&D marathon, and School of Urban Competencies.

The World of New Opportunities programme has three focus areas – Partnership, Innovations and Development.

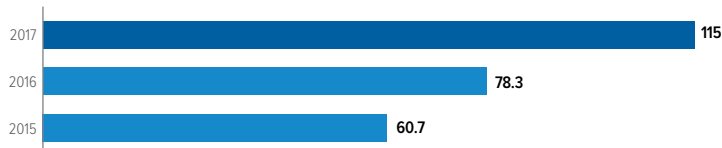
### Financing of Development and Renovation of Social Infrastructure // USD mln



>50 USD mln

allocated to reconstruct the civilian part of Norilsk Airport

### Financing of Charity Programmes // USD mln



the Company completed the construction of

**960 km long**

a fibre optic communication line running through a permafrost zone between Novy Urengoy and Norilsk. The project investments amounting to USD 43 mln.



### PARTNERSHIP

This area focuses on supporting volunteer initiatives of local activists, fostering new skills and developing local expertise.

#### Key Partnership initiatives comprise:

- Academy for Social Partnership and Development (a series of workshops on social project development, expertise building, assessment of projects/programmes and monetisation of social projects);
- Socially Responsible Initiatives Competition;
- Social Technologies Forum;
- Social Engineering Workshop;
- We Are the City! PicNick.

In spring 2017, the Company initiated the We Are the City! social technologies forum in Norilsk (Krasnoyarsk Territory) and Zapolyarny (Murmansk Region) to bring together local communities and tell them about new trends and best practices in charity and volunteering, and also share successes in solving social issues. In the lead-up to the forum, locals got a chance to meet a wide range of experts who shared their ideas on upbringing children, finding a way in life, personal development, etc. The forum venues were attended by a total of 1,910 people.

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 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 traditionally stages 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 Plant of Goodness corporate volunteer programme. In 2017, it was staged as a street festival with a projects fair, workshops, training sessions, etc.

All events organised by the Company served to raise charity awareness in local communities and encourage public-private partnerships. In 2017, the Socially Responsible Initiatives Competition, which aims to support public initiatives, received 489 project bids, 116 of which were approved for funding. Grant funding amounted to over USD 2 mln (RUB 125 mln).

**>2 USD mln**

allocated as grant funding of the Socially Responsible Initiatives Competition

**489 bids**

submitted, 116 projects approved for funding



## INNOVATIONS

This area focuses on facilitating the implementation of advanced technologies, fostering R&D potential and encouraging innovation in engineering. Its target audience are schoolchildren, university students and adult activists interested in science and frontier technologies.



In autumn 2017, the Company staged Arctic Wave R&D festivals in Norilsk and Monchegorsk to promote research and development among the youth, support creative engineering 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.

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. 1,300 students aged 12 to 15 took part in the marathon. 20 more children attended the Winter R&D School in Kazan.

For the third year running, the Company was a general partner of the All-Russian Science Festival held by Lomonosov Moscow State University. In Krasnoyarsk, the festival took place in December 2017. It was the first 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 career recommendations.

### Key Innovations initiatives comprise:

- Arctic.PRO R&D marathon;
- Arctic Wave festival of R&D discoveries;
- FabLab R&D creativity laboratory;
- School of Urban Competencies.

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 and dedicated lectures enabling students to tap into real-life experience, learn more from professionals, and choose a personal development path for the next 5–10 years. About 15,000 students attended the two-day festival.

In 2017, Nornickel's School of Urban Competencies won the first prize as the Best Charity Promotion Programme (Project) at the 2017 Leaders of Corporate Charity contest held by the Association of Sponsoring Organisations. The School of Urban Competencies aims to develop key social competencies in schoolchildren, including in the realms of housing, finance and career. Each year, at least 500 children living in the Polar regions take part in the School's workshops and events.

1<sup>st</sup> prize

as the Best Charity Promotion Programme (Project)





## DEVELOPMENT

This area focuses on engaging active citizens and SMEs to address social issues of local communities using available business technologies.



One of the Company's initiatives was to provide training in Social Entrepreneurship. With assistance and guidance from experienced coaches (active businessmen), trainees are expected to develop business plans and present them at the Investment Session.

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.

**RUB 11.5 mln**

allocated in 2017 for social business projects

## Government relations

The Company interacts with federal legislative and executive authorities, and civil society institutions. The Company is represented and expresses its interests in 26 committees, councils, commissions, expert teams, and working groups established by government bodies in association with the business community, thus supporting socially important projects. Currently, the Company mainly cooperates with the working groups and councils of the State Commission for Arctic Development and the Government Commission on the Use of Natural Resources and Environmental Protection. The Company also actively participates in the activities of regional authorities' expert boards across its geographies, including the Governor's Council for Strategic Development and Priority Projects of the Krasnoyarsk Territory.

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 (an interregional public organisation), etc.

The Company's experts participate in draft regulation discussions held by the Open Government and by community councils of the federal executive bodies, as well as in anti-corruption due diligence and regulatory impact assessments. All of that helps maintain a constructive dialogue with the government, cut administrative red tape and improve the nation's business climate.



## Sponsorship

### Financing of Sporting Projects // USD mln



### Rosa Khutor Ski Resort



In 2016–2019, Nornickel is going to invest USD 250.5 mln in the development of Rosa Khutor ski resort as part of Russia’s Mass Sports Support Programme. These funds will be used to transform Olympic facilities into a year-round tourist attraction,

develop new ski pistes and lifts and build new recreational and sports facilities. By way of consideration, Nornickel was granted a minority stake in the Rosa Khutor project.

### Russian Olympic Committee



As a Partner of the Russian Olympic Committee and the Russian Olympic team, Nornickel allocated over RUB 1 bn to support youth and high performance sports, including the implementation of Olympic educational programmes developed by the Russian International Olympic University.

Another area of cooperation between the Company and the Russian Olympic Committee is the inclusion of Nornickel’s regions of operation in the pan-Russian Olympic Patrol project. In 2017, the Olympic Patrol visited Krasnoyarsk and Norilsk, giving local children a chance to meet renowned athletes who shared their personal Olympic experiences, took part in autograph and photo sessions, and held workshops and fitness tests.

### Football Union of Russia and Russia's national football team



In line with the sponsorship agreement, Nornickel remains an official partner of the Football Union of Russia and Russia’s national football team.

The Company is also an exclusive partner of Russia’s Football Union in the metals sector.

### CSKA professional basketball club



Nornickel continues to provide support to Russia’s most successful and well-known basketball club.

In 2017, CSKA came out as a winner in the VTB United League and took part in the EuroLeague’s Final Four.

### International University Sports Federation

The Company will remain a Partner of the International University Sports Federation (FISU) until May 2019 and will continue to support the development of 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 Nor Nickel 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 2019 Winter Universiade to facilitate communication between volunteers and national university sports federations, and share knowledge and experience in organising large international sports events.



### 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.

Promotion of the XXIX Winter Universiade will bring about improvements in the local sports infrastructure and the international image of the Krasnoyarsk Territory and its capital, increase popularity of

healthy lifestyles and mass sports, and enhance living standards in the region.

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

One of the major commitments made by the Company for the Universiade was to prepare the Bobrovoy Log Fun Park for alpine competitions.



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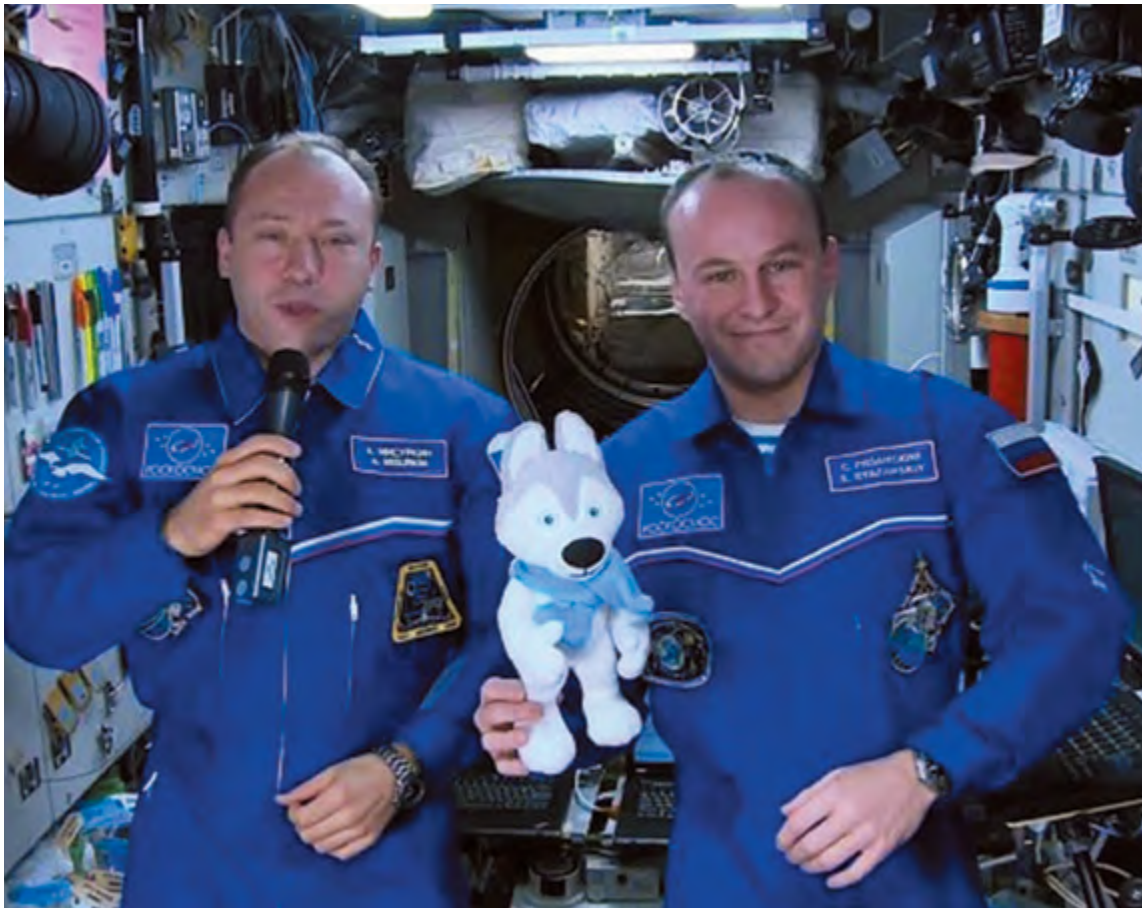
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In 2017, Nornickel proceeded with the construction of a new athletic training facility equipped with a broadcasting system, expansion of the ski pistes, development of an integrated security system, upgrade of the artificial snow machinery, and preparation of an ambulance helicopter pad.

In addition to the Bobrov Log Fun Park, the Company plans to establish a park along the Bazaikha River with sports and playgrounds, walkways, bike lanes, recreation areas, and a foot and bike bridge across the Bazaikha to make the park accessible for people with limited mobility. An agreement to this effect was signed between the Company and Krasnoyarsk municipal authorities.

With the backing from Nornickel, the Russian International Olympic University and the Siberian Federal University organised training for mid-level and top-level managers and leaders of volunteer teams involved in the Winter Universiade.

On top of that, a volunteer team was formed by employees of the Company and members of their families. A dedicated training programme developed by the Siberian Federal University was completed by 95 volunteers who will seek to maximise popular engagement in the run-up to the event.

As a General Partner of the 2019 Winter Universiade, Nornickel strives to ensure extensive promotion to inform the public about the event.

In 2017, three NordStar aircraft were redesigned to feature the symbols of the Universiade. They made nearly 2,000 flights during the year and carried over 265,000 passengers who learnt about the upcoming event while on board. Information about the Universiade is also available in the NordStar inflight magazine.

Branded pavilions of the Company were constructed in Moscow parks, with over 15,000 visitors receiving

information about the Universiade, Bobrov Log Fun Park and other sports-related projects through games and interactive presentations. The pavilions also served as a platform for cultural, educational and sports events involving famous athletes, sports workshops, flash mobs, and prize-winning competitions for park visitors.

The Company also sponsored the 500 Days until Universiade event that linked two cities – Krasnoyarsk (Bobrov Log Fun Park) and Moscow (Lomonosov Moscow State University) – via a teleconference.

U-Laika, the mascot of the upcoming university games, travelled with the Russian cosmonauts to the international space station and addressed the audience of the Universiade from the orbit.

**Norilsk Nickel Futsal Club**

In 2016, the team and administrative personnel of Norilsk Nickel Futsal Club moved to Norilsk. The team takes part in the Russian Super League Championship and Russian Futsal Cup. Relocation of the club gave a powerful boost to the development of futsal in the local community. The Russian Futsal Association

and MMC Norilsk Nickel work closely to ensure the success of the Futsal to Polar Region Schools project. As part of this nationwide initiative, the Club's futsal players hold master classes for schoolchildren and special workshops for trainers.



**All Russian Federation of DanceSport and Acrobatic Rock'n'Roll**

In 2017, Norilsk Nickel and the All Russian Federation of DanceSport and Acrobatic Rock'n'Roll started cooperation to support and promote these sports.

One of the partnership's objectives is to establish a corporate acrobatic rock'n'roll club in Norilsk.



**XIX World Festival of Youth and Students**

Large international events should be viewed as important milestones in the Russian tradition of sponsorship and public-private partnerships. As part of the 2017 World Festival of Youth and Students (attended by nearly 25,000 people from 188 countries), the Company set up an Athletic Norilsk

venue which turned into a major point of attraction during the Festival. The venue was divided into two zones, the 2019 Winter Universiade General Partner Pavilion and the CSKA streetball ground. The Company's contribution to the Festival was highly appreciated by the Russian President Vladimir Putin.



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