

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](#)

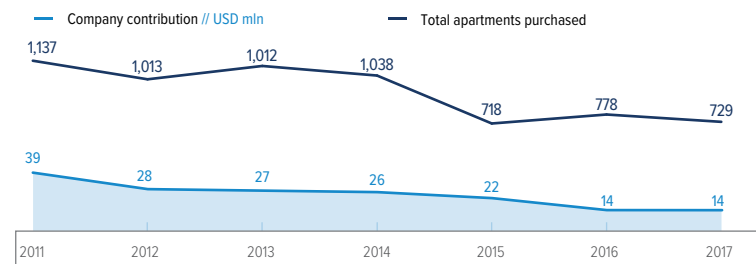
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Relocation programme

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.

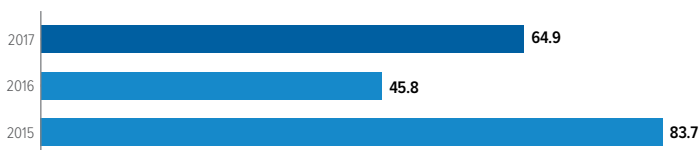
The Norilsk residents and people living in Dudinka got access to the broadband internet service.

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.

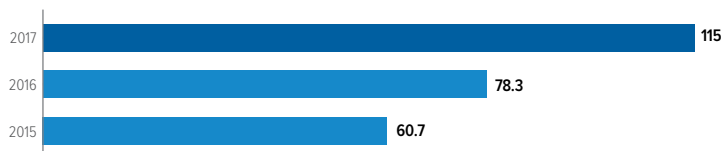
Financing of Development and Renovation of Social Infrastructure // USD mln



>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.

1st 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.



Company overview

Strategy overview

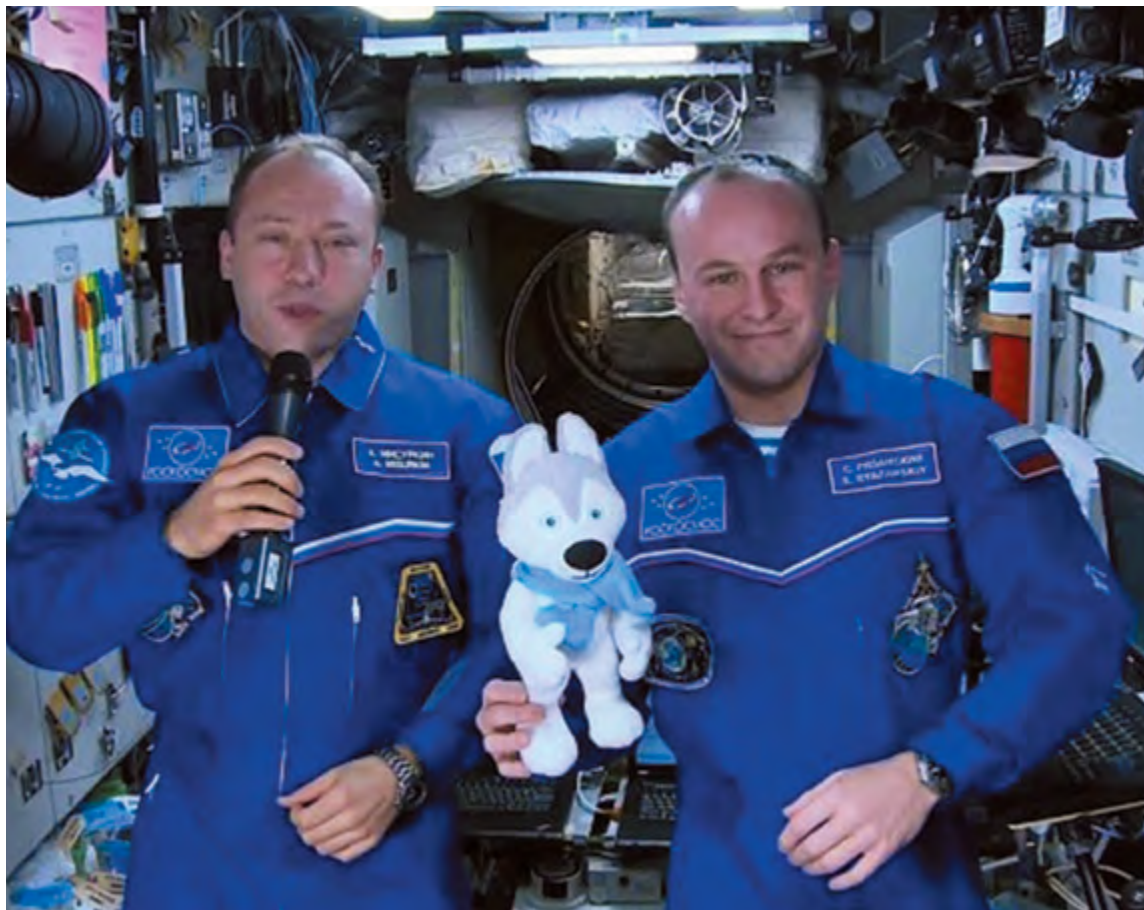
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In 2017, Nornickel proceeded with the construction of a new athletic training facility equipped with a broadcasting system, expansion of the ski pistes, development of an integrated security system, upgrade of the artificial snow machinery, and preparation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