Group Releases Latest Corporate Social Responsibility Report

- Over US \$383 million were spent on environmental protection activities and improvements in 2016, up 8.9% year on year. Of this, US \$142 million went towards capital investment.
- The company achieved a 6.2% reduction in emissions of air pollutants, a 6.6% reduction in water discharges and a 18% reduction in wastewater pollutants discharges year on year.
- Significant improvements were seen in work safety indicators with total work injuries down 39% and Lost Time Injury Frequency Rate (LTIFR) down 47%.

MMC Norilsk Nickel PJSC (Nornickel; MCX: GMKN, LSE: MNOD), the world's largest nickel and palladium producer, released its annual Corporate Social Responsibility (CSR) report on Wednesday, detailing the company's performance in 2016 and progress towards achieving environmental and social responsibility goals set for 2023.

(Logo: http://mma.prnewswire.com/media/537232/Nornickel_Logo.jpg)

In 2016, Nornickel spent US \$383 million on environment protection, up 8.9% year on year, including US \$142 million on capital investment, and, specifically, on operational equipment in order to improve its efficiency and reduce its environmental impact. The group's total expenditure on environmental protection and specifically on capital investment amounted 4.6% and 1.7% of its consolidated revenue respectively, underscoring its determination to become a mining industry leader in sustainability.

Vladimir Potanin, President and CEO of Nornickel said: "We are on a journey to becoming a global leader in sustainability in the natural resources industry. In 2016, we achieved a significant milestone in our environmental modernisation program by closing down an outdated nickel smelting plant in Norilsk. We will continue to endeavour to make our production cleaner and safer, and to meet the highest standards of sustainable development. I'm convinced that only businesses that care about the environment, about its people and about the communities in which they work can be truly efficient."

Last year, the company completed the decommissioning of its nickel smelting plant in Norilsk (Russia) ahead of schedule while expanding its nickel smelting capacity at other sites. The closure of the Norilsk facility was accompanied by extensive investment in a socially-responsible restructuring programme which included re-training employees and helping them find new employment.

The group also continued modernising the Talnakh concentrator and Nadezhda Metallurgical plants, which also contributed to a significant reduction in sulphur dioxide pollution over Norilsk's residential areas.

Other highlights:

- In 2016, Nornickel began tracking its decarbonisation progress (G4- EN15- G4-EN18). The group's direct emissions totalled 10 million tonnes of CO2 equivalent. Carbon intensity stood at 1,214 tonnes of CO2 equivalent per US \$1 million of consolidated revenue. The group reduced the use of coal in its energy consumption by 49% from 4,170 TJ in 2015 to 2,132 TJ in 2016, or by about 70,000 tonnes of coal equivalent. Nornickel's smelter operations are being converted for the use of natural gas. This project is to be completed in 2017 and is aimed at further reducing the group's carbon footprint. In 2016, Nornickel consumed 25% of its total energy from renewable sources.
- The group has significantly improved its work safety indicators. Total work injuries in 2016 were down 39%, while Lost Time Injury Frequency Rate (LTIFR) stood at 0.33 injuries per 1 million man-hours, down 46% from 0.62 on the year and significantly lower than global industry averages for 2015.
- The group has achieved a 6.2% overall reduction in emissions of air pollutants (G4- EN21), including a 6.5% reduction in SO2 emissions and 30.8% reduction in the emissions of solids, though emissions of NOx increased by 2.8% year on year. The group also achieved 5.7% and 6.6% reductions in water consumption and water discharge respectively with a 18% reduction in wastewater pollutants discharge year on year. Large-scale upgrades of the group's smelting capacities in the Kola Peninsula, including replacing outdated pelleting technologies with a hot pressing facility, have enabled the group to reduce emissions of sulphur dioxide by 22.8%.
- The group has increased its support for local communities, investing over US \$110 million on social infrastructure, philanthropy and charity, up 5.7% year on year (G4-EC7). The company has embarked on several extensive projects in the regions of its operations, including urban redevelopment, education, cultural and social entrepreneurship programmes. Overall related expenditures totalled over US \$352 million.

US\$ values provided above are based on the weighted average exchange rate of 67.0349 Russian roubles per 1 US\$; the original values are in the national currency.

To access the full version of the report in Russian please visit: http://www.nornik.ru/assets/files/2017/N_CSO2016.pdf

An English version will be published shortly.

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