



**NORILSK NICKEL**



# Managing Profitable Business in Sustainable Fashion

**World Forum Lille**

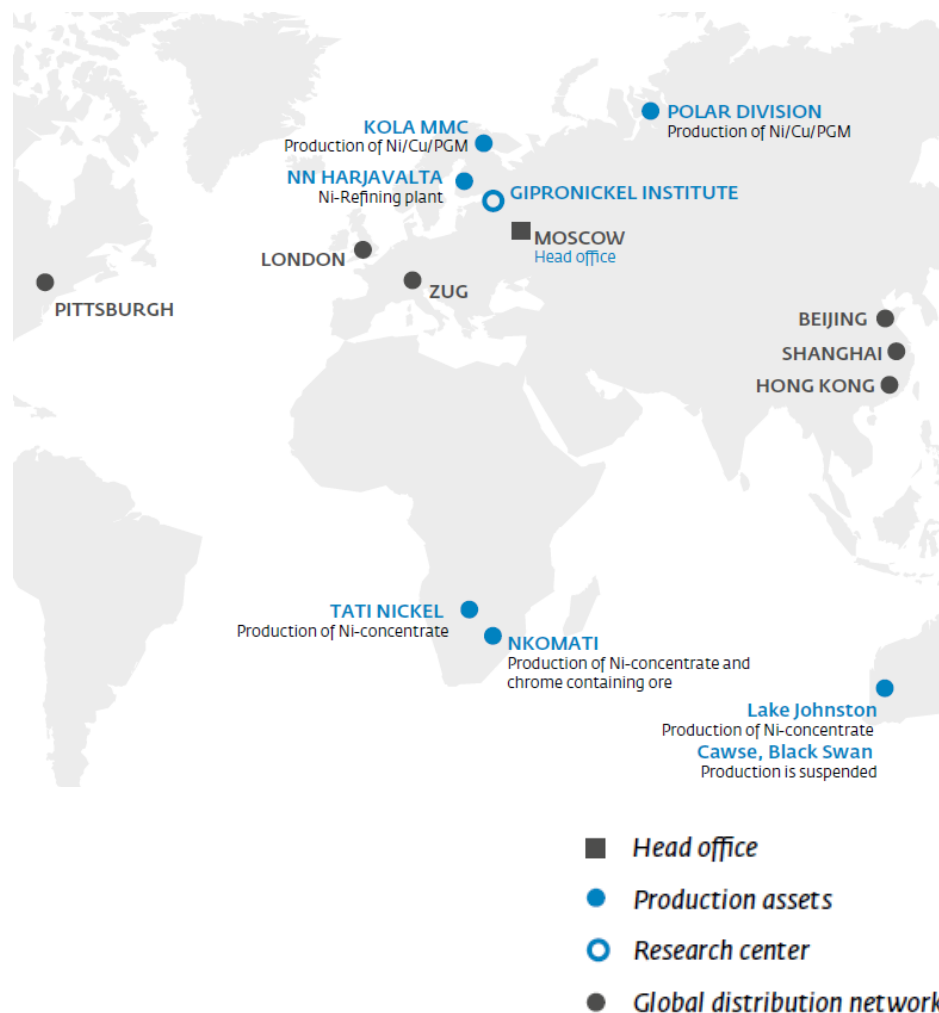
14-16 November 2012

# Norilsk Nickel Overview

## Facts and Figures

- **№1 Nickel and Palladium** producer in the world
- **№1 Mining & Metals** company in Russia by market capitalisation
- **\$7,239** mln EBITDA 2011
- **51%** EBITDA margin 2011
- **> 81 thousand people** employed in 5 countries
- **Lowest-cost** nickel producer
- Vertically integrated company
- Self-sufficient with energy and transport facilities

## Global worldwide operations



# Major Player in Global Mining Industry

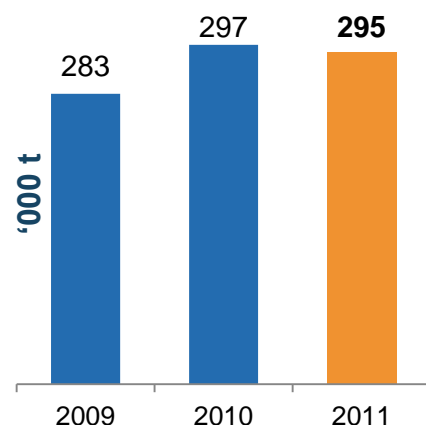
## Highlights:

- The Group units run a full production cycle (geological exploration, ore mining, concentration, metallurgy and sales of base and precious metals)
- Mine life of Company's M&I resources is more than 60 years
- Further development of proprietary global sales & marketing network in Russia, UK, China, USA and Switzerland

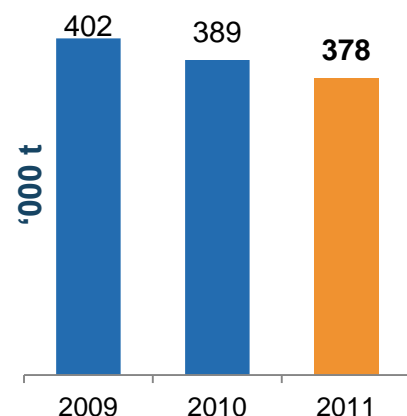
## Market positions by metal production

**No1** Ni 18% Pt 11%  
Pd 41% No4 Rd 12%  
No6 Co 8% No8 Cu 2%

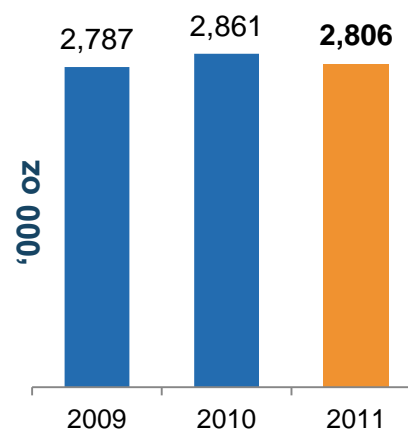
### Nickel



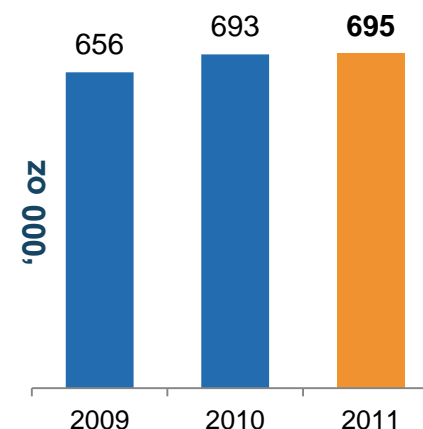
### Copper



### Palladium



### Platinum



# Working for Benefit of the Country

## Playing important role in Russian economy

- **Significant tax-payer:**
  - >30% of Krasnoyarsk regional budget (\$ 1.5 bn)
  - >30% of Murmansk regional budget (>\$ 0.3 bn)
- **Major employer** in several Russian cities with total population over 285,000 people
- **>81,000** people employed
- **Owner and developer of infrastructural assets** across the country: Arctic fleet, airlines, railroads
- **Strategic partner** of Russian government in full scale projects of economic, social and environmental nature

## Contribution to key development metrics

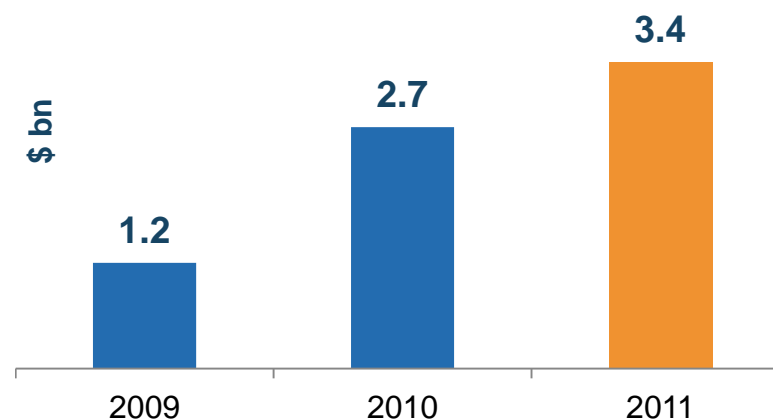
**1%** Russian GDP

**2%** Russian export

**3%** Russian industrial production

**7%** Russian non-ferrous metals industry

## Total tax payments, 2009-2011



# Specific Features of Company's Operations

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**Geographically isolated facilities**



**Severe Nordic climate**

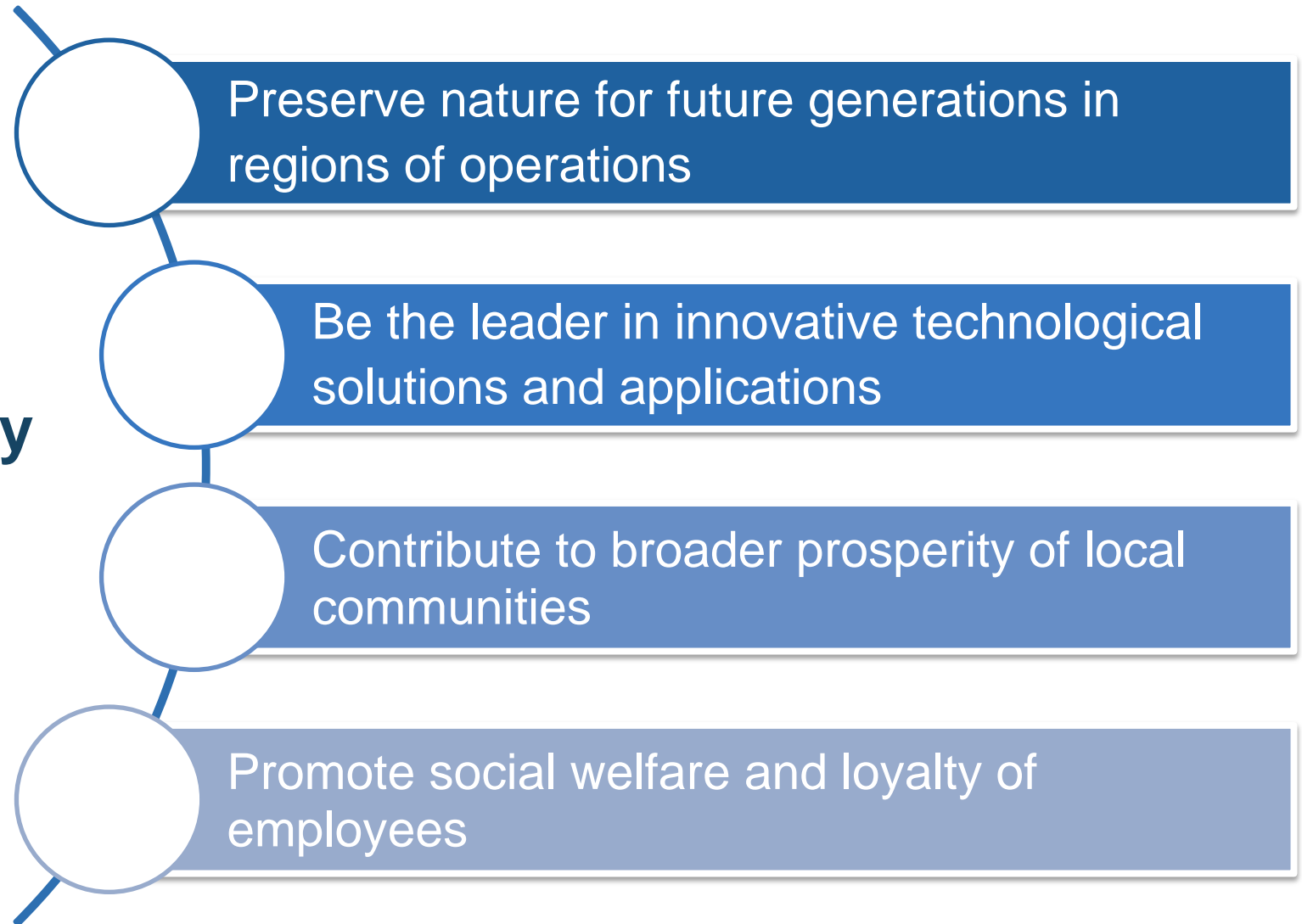


**Status of key regional employer**

# Sustainability as an Integral Part of Business

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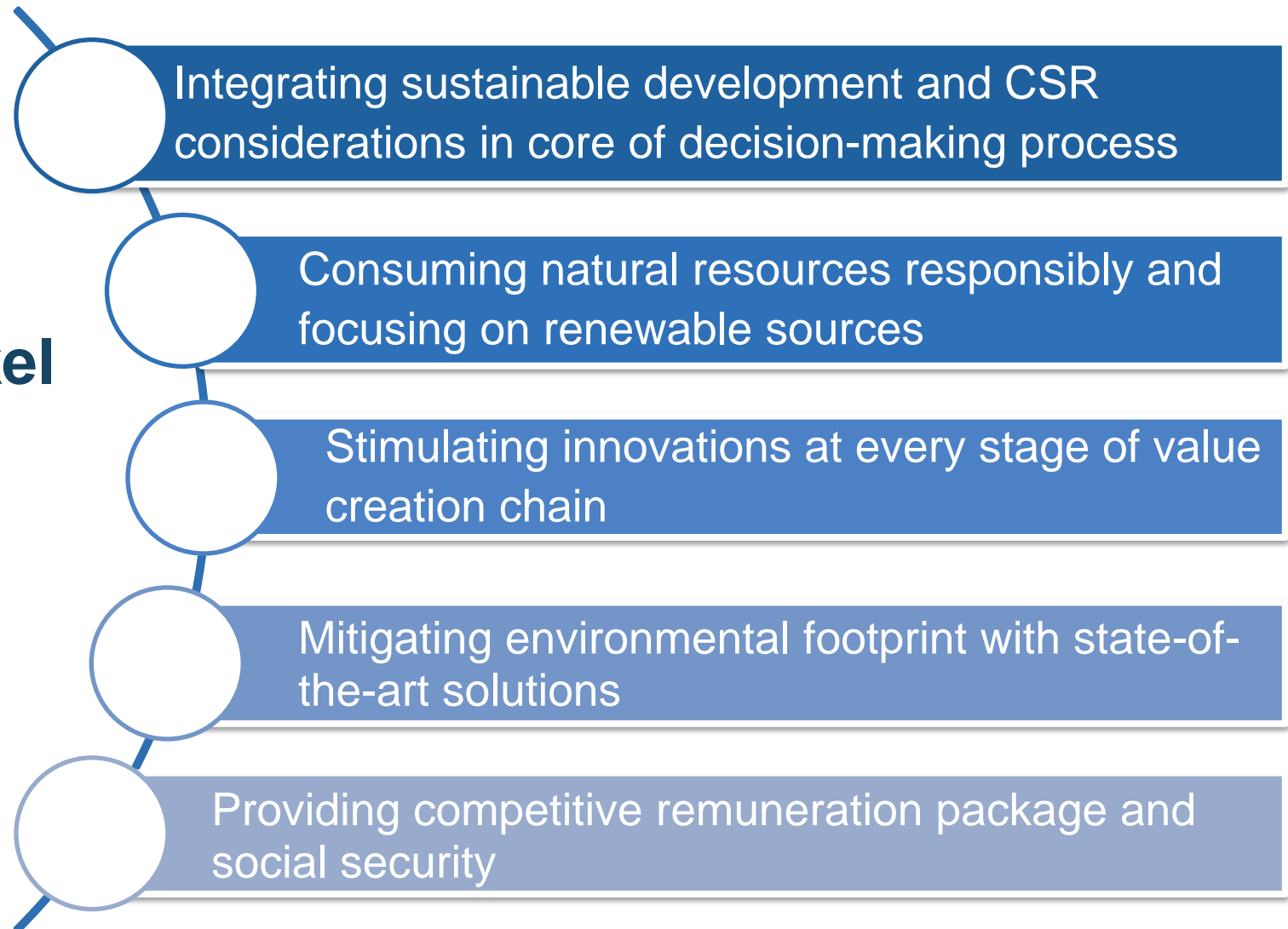
## Company's Sustainability Goals



# Striving to Go Beyond Compliance...

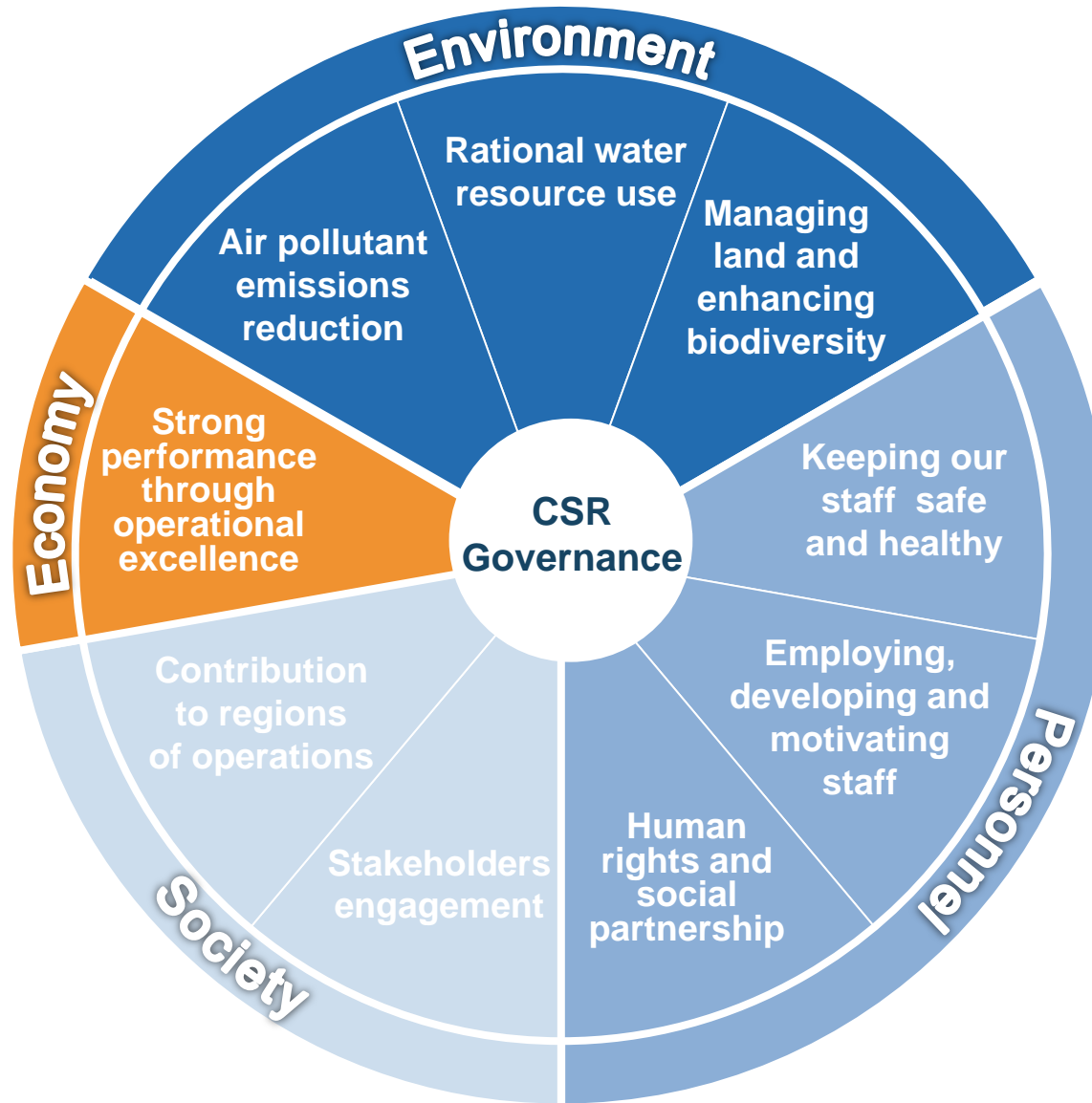
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## Norilsk Nickel Approach



# Aligning Sustainability Goals with Business Targets

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# Environment: Focal Point of Sustainable Development

- Compliance with ecological standards and norms, international agreements, ISO 14001:2004, industry practice and corporate policy
- Integrated environmental reporting system used for monitoring achievement of environmental objectives
- Promoting stakeholder engagement by participating in number of environmental conferences
- Company's entities do not produce, use and emit any ozone-depleting substances
- Total greenhouse gas emissions are estimated at 9.5-10.0 mln tpa including 94% carbon dioxide

## Performance indicators for last 5 years

**-21%** Wastewater discharge

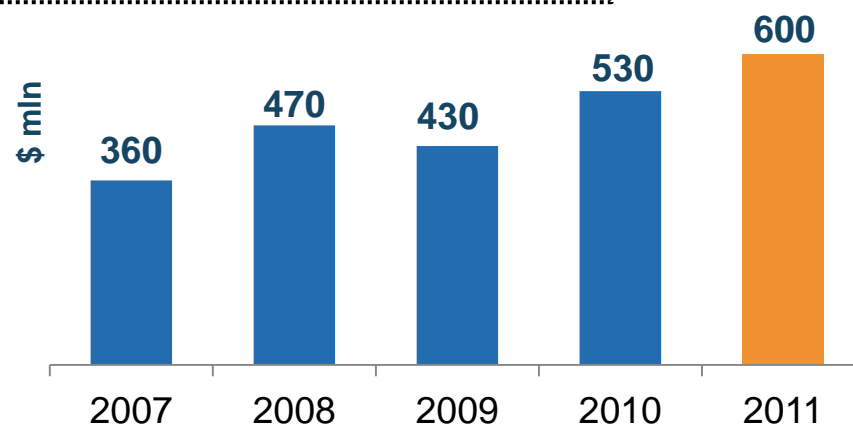
**-17%** Pollutants discharged with wastewaters

**-15%** Overall waste generation

**-3%** Air pollutant emissions

## Environmental expenditures

**2007 – 2011: \$2,400 mln**



# Key Goals of Environmental Protection

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## Gradually reduce SO2 emissions

- Project on recovery of SO2 emissions from exhaust gases at Polar Division
- Briquetting technique instead of roasting at Kola

## Reduce wastewater discharges

- Wastewater treatment projects
- Programmes on monitoring of water bodies and water protection zones

## Arrange waste disposal sites

- Expansion of Lebyazhye tailings storage
- Modernisation of tailing storage at NMP
- Cooperation with waste recycling companies

## Prevent pollution from cargo shipped by sea

- Optimisation of schemes of fleet operation

# Contribute to Conservation of Biodiversity

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## Preservation of natural habitats

- Support and promotion of nature reserves and hatchery
- Joint monitoring of population of white bears
- Protection of rare species of animals

## Rehabilitation of disturbed lands

- Restoration of natural landscapes through rehabilitation and re-greening of lands
- Summer 2012 – program on planting and greening of Norilsk city in order to improve urban environment



# Main Directions of HR and Health & Safety Policy

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**Occupational health and safety as a top level priority**



**Creating attractive labor conditions**



**Providing competitive salary**



**Implementing motivation and social programmes**



**Mastering personnel recruitment and training**

# Norilsk Nickel Personnel at a Glance...

## Key highlights of Russian units, 2011

- >81 thousand employees
- Competitive remuneration - \$2,354 per month:
  - Average salary – \$2,143
  - Social package - \$173
- Additional training programmes
- Working on talent management to fill vacant positions
- Developing of targeted personnel groups: Master University, Academy of Mentors, Young Professionals Movement, Women's Perspective

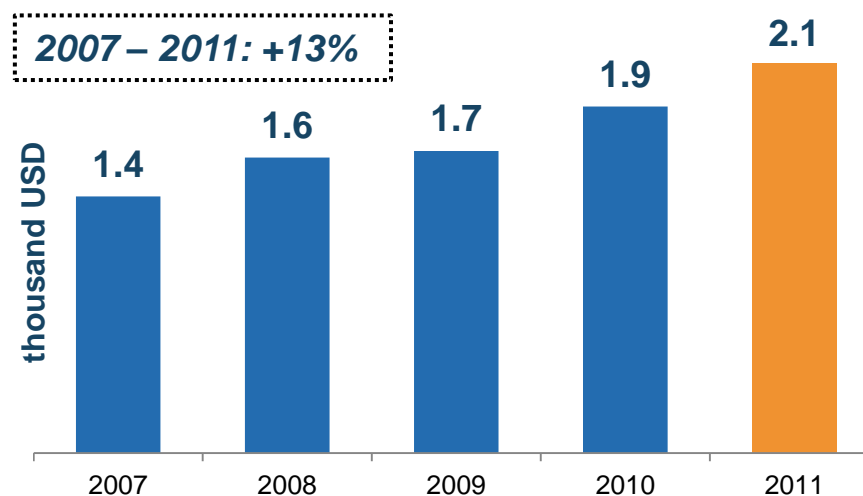
## Performance indicators

**2.7x** Higher than average salary in Russia

**2.2x** Higher than average salary in Russian M&M industry

**7%** Social package (of total remuneration)

## Average monthly salary\*



\*At Russian operations

# Corporate Social Programmes

**Budget of social programmes  
> \$402 mln**

Annual  
compensation of  
travel and baggage  
expenses

(\$85 mln)



Corporate sport  
events

(\$1.4 mln)



Vacation at health  
resorts

(\$54.4 mln)



Corporate  
housing  
programmes  
(~\$226 mln)

Non-governmental  
pension  
programmes  
(\$24.8 mln)



Mass cultural events,  
international tourism  
(\$10.2 mln)





# Building up Trust & Social Partnership

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- **Collective agreement** between the Company, employees and trade unions defines core principles of the social partnership, forms of collaboration and obligations of an employer and employees, etc.
- **Corporate Social and Labor Council** of Group's units:
  - set up in 2006
  - represents more than 55 thousand employees of Russian units
  - seeks to work out uniform approaches and standards in the social and labor sphere
- Trade unions trouble settlement



# Focus of Policy on Communities Development

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Enhancement of social infrastructure  
in territories of operations



Execution of public-private  
partnership projects



Implementation of long-term social  
investment programmes



Corporate philanthropy



Support of indigenous population of  
Far North



# Building Platform of Sustainable Development for Auxiliary Businesses

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## Operating responsibly in eco fragile region of the world

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- Developing Russian part of Northern Sea Route including passage from Europe to South East Asia
- Proprietary fleet of 6 top notch ocean vessels with icebreaking capabilities (Arctic class Arc 7)
- Advanced power units – Azipods adding to vessels performance in demanding ice conditions
- Best in class solutions on prevention of sea pollution are implemented



## Safe and reliable air travel

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- Proprietary air carrier and airport in Norilsk area due to unique positioning of the Company
- 9 modern and fuel efficient Boeing 737-800NG significantly mitigating carbon dioxide emissions
- 5 short range aircrafts ATR 42-500 providing affordable regional connections
- Total passenger turnover is over 2.2 bn passenger-km
- 40 destinations in Russia and CIS



# Developing the Territories of Operation

## Social projects in Krasnoyarsk region:

- Renovation of Zapolyarnik Stadium
- Construction of Arena-Norilsk Sports and Entertainment Complex
- Construction of 2 childcare centers in Norilsk
- Construction of a fitness center in Dudinka
- Completion of the construction of a swimming pool in Norilsk
- Renovation of two motor road bridges
- Development of Podsolnukh retail chain
- Modernization of the Neptun Swimming Pool in Dudinka

## Social projects in Murmansk region:

- Renovation of Loparstan Ski Center
- Construction of a coal-based boiler room with a total capacity of 225 Gcal
- Renovation of health reserve in Monchegorsk
- Building of low-rise accommodation



# Providing Favourable Social Climate through Corporate Philanthropy Projects

## Improving social environment and local ethnic culture

- Supporting indigenous communities, disabled people and retirees

## Developing education and youth movement

- Support of children and youth
- Educational projects
- Children's volunteer movement development

## Developing policy of health programme

- Organization and implementation of nationwide and international competitions
- Support of the national teams and professional sport clubs



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# THANK YOU!

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# Appendix



# Norilsk Nickel CSR Framework

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## Internal guidelines on sustainable development

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- Production and Technical Development Strategy of the Company for the Period until 2025
- Corporate Risk Management Concept
- Quality Policy (updated in 2011)
- Environmental Policy (updated in 2011 with on prevention of sea pollution from cargo transportation and operation of vessels)
- Occupational Health and Safety Policy
- HR Strategy of the Company for the Period until 2025 (being developed)
- Code of Ethics

## CSR management system

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- **Integrated Quality and Environmental Management System (IQEMS)** is implemented at operating units and is compliant with standards **ISO 9001:2008** and **ISO 14001:2004**. The IQEMS is certified under “Production, project management, storage, delivery (including shipping) and sales.”
- **Environmental Management System** is elaborated and implemented in 2005 within framework of IQEMS. Recertification audit of IQEMS under standards ISO 9001:2008 and ISO 14001:2004 was undertaken in 2011
- Preliminary steps for implementation of standard **OHSAS 18001:2007** “Occupational Health and Safety Management Systems. Requirements” are currently under way
- Electricity consumption audits have been undertaken as preliminary step for implementation of management system based on international standard **ISO 50001**

# Proactive CSR Communication to Stakeholders

## High level of transparency & disclosure

### ■ Via reporting system:

Corporate Social Responsibility Reports (CSR Reports) since 2005 based on GRI (G 3.1), standard AA1000SES

- In 2005-2007 CSR reports were reviewed by Big 4 auditor companies
- In 2009-2011 CSR reports were approved by the Russian Union of Industrialists and Entrepreneurs

### ■ Via corporate web-site:

Sustainable development section of corporate web-site with up-to-date information on sustainable development

### ■ Via direct communications:

- Interaction with stakeholders
- Participation in conferences on CSR issues

