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Health and safety

MANAGEMENT APPROACHES TO HEALTH AND SAFETY ISSUES

Norilsk Nickel's Health and Safety Policy gives precedence to the life and health of employees over operational performance, while also demonstrating the management's commitment to creating a safe and healthy environment and fostering sustainable employee motivation for safe workplace behaviour.

Norilsk Nickel has an HSE Committee chaired by the First Vice President – Chief Operating Officer. The Committee's health and safety objectives include:

- improving the effectiveness of efforts aimed at ensuring health and safety at the Company and its subsidiaries in Russia;
- increasing the responsibility of executives and other employees of Norilsk Nickel and its Russian subsidiaries for ensuring operational health and safety;
- assessing the effectiveness of health and safety initiatives at the Company and its subsidiaries in Russia;
- refining the health and safety management framework at Norilsk Nickel and its Russian subsidiaries.

In 2016, the Committee was engaged in considering improvements to the existing health and safety management system, as well as monitoring the implementation of the planned activities aimed at reducing injury rates and enhancing the system's effectiveness. The Committee held health and safety video conferences and on-site meetings at production sites of the Company's branches and Russian subsidiaries.

CORPORATE STANDARDS

In accordance with the regulated procedure, Norilsk Nickel's branches and subsidiaries in Russia have organised the implementation of corporate health and safety standards.

The HSE Department monitors the implementation of the standards across the Company's branches and Russian subsidiaries.

With a view to implementing the standard on the assessment and management of risks (STO KISM 121-211-2014) in an effective and comprehensive manner, the Risk Control project has been launched. As part of the project, Norilsk Nickel's managers, specialists and blue collar workers completed dedicated training courses. The Company developed guidelines and recommendations on hazard identification and risk assessment and management.

THE COMPANY'S HEALTH AND SAFETY OBJECTIVES INCLUDE

- creating a safe and healthy environment through introducing advanced technologies and scientific achievements to the production processes;
- fostering sustainable employee motivation for safe workplace behaviour and training employees in anticipation and prevention of workplace incidents.

In 2016, Corporate Standard STO KISM 121-219-2016. Requirements for Arranging Demarcation of Hazardous Areas and Visualisation of the Working Space was developed and put into effect.

Following the certification of 484 conveyors at Polar Division, fencing and drive and tension stations were repaired, including the installation of blocking devices, replacement of wiring and painting of equipment (in 2016, 220 conveyors were repaired).

In the reporting year, second-party health and safety management system audits were carried out across production units of the Company's branches and Russian subsidiaries (46 audits in total). To improve audit quality, 58 additional workshops and training sessions were held for 222 auditors.

Transport and personnel positioning systems and radiocommunications systems were introduced at all underground mines of the Group. The distance learning systems were equipped with mobile recorders and event data recorders.

The Company's branches and Russian subsidiaries have health and safety monitoring systems in place with the following prevention and control functions:

- safety behaviour audits;
- multi-stage health and safety control;
- ad hoc health and safety inspections;
- on-the-spot health and safety inspections;
- comprehensive health and safety inspections.

PERSONNEL TRAINING AND DEVELOPMENT RELATED TO HEALTH AND SAFETY

In 2016, competencies of line managers (about 5,000 people) with respect to the introduction and monitoring of safe practices were assessed across production units of the Company's branches and Russian subsidiaries.

During the same year, 94 heads of the Company's branches and Russian subsidiaries participated in a training session on the practice for managers and their subordinates to provide mutual feedback using the elements of safety behaviour audits.

In 2016, Norilsknickelremont set up a training class for employee workshops on power supply insulation. Dedicated training sessions are offered for managers and specialists of mining facilities, as well as onboarding and adaptation courses for new employees and employees with a track record of up to three years.

EXTERNAL HEALTH AND SAFETY AUDIT

From October to December 2016, DuPont Science and Technologies assessed the current situation and determined priorities for further improvement of the health and safety management framework and for mitigating injury and accident risks at Norilsk Nickel's key companies (Polar Division, Kola MMC, Norilsknickelremont, and Polar Construction Company). According to DuPont's reports, in November 2016 the industrial safety culture level (Bradley Curve indicator) amounted to 2.5 (compared to 1.4 in March 2014, 2.1 in March 2015, and 2.3 in December 2015). The safety culture improvement is driven by the implementation of risk mitigation standards, safety communication campaign and dedicated risk mitigation programmes.

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Five training bases at Polar Division and Kola MMC are used as a platform for training in working at heights and gaining relevant practical skills (simulators, special equipment and devices)



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HEALTH AND SAFETY PERFORMANCE INDICATORS

The Group's Health and Safety Strategy approved by the Audit Committee of the Board of Directors in 2014 lays out plans to reduce production-related accidents (in absolute terms) by 20% every year (starting from 2017, by 15%).

Bringing fatal production-related accidents down to zero is one of the strategic objectives to be reached in the course of implementing the Health and Safety Strategy.

FIFR¹



LTIFR²



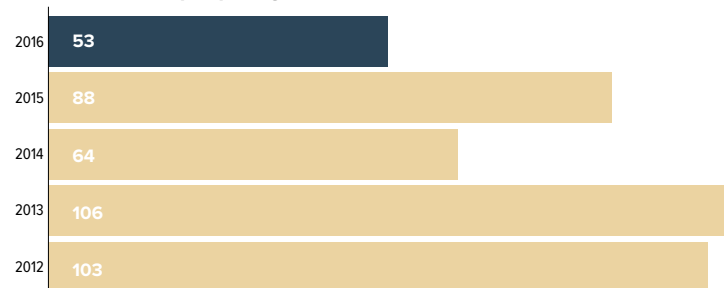
Health and safety indicators

Indicators	2014	2015	2016
Total number of production-related accidents in accordance with the labour laws of the Russian Federation	64	88	53
Fatal production-related accidents	8	14	13
Production-related accidents resulting in lost time injuries	56	74	40
Small injuries	305	411	719



Further information on health and safety initiatives is available in the Company's Corporate Social Responsibility Report for 2016.

Total number of people injured in accidents



¹ FIFR stands for Fatal Injury Frequency Rate (FIFR = FIs / total number of hours worked * 1,000,000).

² LTIFR stands for Lost Time Injury Frequency Rate (LTIFR = non-fatal LTIs / total number of hours worked * 1,000,000).