



Corporate  
Social Responsibility  
and Sustainable  
Development Report



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## Message from the CEO



Our commitment to the sustainable development concept means we are constantly searching for new opportunities in order to become even more efficient and better.

Now, we have to analyse our work and understand how Nordgold can help in implementing the UN Sustainable Development Goals aimed at eliminating poverty, preserving the planet's resources, and ensuring the well-being for all at all ages.

The past year became an important milestone in the development of Nordgold. For the first time in its history, we managed to produce more than a million ounces of gold during the year. The main contribution to this breakthrough was made by our new gold mining asset and our flagship — the Gross mine, which exceeded its production plan by 35%. Due to the increased production and the favorable pricing environment, Nordgold also showed unprecedented financial results in 2019: EBITDA increased by 42% to US \$667.3 million.

To a large extent, we owe our success to Nordgold's personnel including thousands of employees. Investments in staff development create excellent conditions for maintaining growth dynamics and strengthening Nordgold's reputation as a responsible employer. That is why we implement the best practices not only in the extraction and production fields, but also in the field of management; we also constantly invest in our employees' development and corporate culture. In 2019, Nordgold increased its funding of the programs for staff training and well-being by 44% — up to US \$8.2 million.

Since the mining industry may pose risks to workers' health and safety, especially in underground operations, we pay special attention to industrial safety and labour protection. Our main goal is to reduce the number of accidents at all our mines to zero.



Over the past ten years, Nordgold has steadily reduced the number of lost time injuries. Last year, as part of our «Mining Academy» project, a group of certified trainers on underground work — including the most reliable and experienced miners — was successfully graduated.

Responsible environmental management is one of our priorities in regions where we operate. We strive to minimise the environmental footprint of our gold mining operations and believe that an increase in our efficiency should be accompanied by strict compliance with environmental standards. For instance, this approach is illustrated by our business units in Burkina Faso. The construction of a solar power plant at the Bissa and Bouly mines, Nordgold's key production assets, is also in line with our strategy on implementing the best environmental practices. Applying alternative energy will not only ensure a more reliable energy supply at lower prices but will also help to reduce greenhouse gas emissions.

Our mines in West Africa are located in water-deficient areas, so we take a very responsible approach to the water use. All Nordgold mines use recycled water that circulates in a closed system. Last year, the share of recycled and reusable water at the business units located in the CIS countries was 92%, whereas at the business units located in Africa — 78%. We support projects aimed at preserving biodiversity, such as a research study of the snow leopard in Buryatia. We work at preserving fish populations in Siberian Rivers and address the desert challenge in West Africa by planting trees.

Continuous dialogue with local communities is an important part of maintaining social stability in the territories around our mines, which ensures their long-term sustainable activity. Our grant programs in Buryatia and the Amur region help develop local communities and involve local governments, non-profit organisations, and active citizens in this work.

We not only create job opportunities, but also implement development programs that have a positive impact on the social and economic situation in the regions where we operate. In particular, in West Africa, we assist in the construction and operation of schools and healthcare institutions, roads, infrastructure facilities and water supply systems. We fund programs supporting local farmers and employment programs aimed at helping vulnerable populations. At the same time, we strive to support projects that will remain viable even after the mines close. All of these factors allow us to effectively manage our operations in West Africa.

To date, the COVID-19 pandemic has not significantly affected Nordgold's operations. We have more than 8,000 employees, and our efforts are primarily focused on ensuring their health and well-being while maintaining mining operations where that does not compromise the safety of people. We have assessed all potential risks and developed appropriate action plans.

One of our most important tools in combating the pandemic has been the regular large-scale testing for COVID-19 that we have organised for our staff. In addition, we have deployed mine site monitoring and developed procedures to urgently evacuate employees suspected of contracting the virus to health-care facilities. Our on-site health teams continue monitoring the situation at our mines on a daily basis. Nordgold is also providing financial and operational support to hospitals and residents living in the vicinity of our sites.

In this report on corporate social responsibility and sustainable development, I am happy to present a detailed account on what we achieved in this area in 2018–2019.

**Nikolai Zelenski**

Chief Executive  
Officer

# About the Work of the Safety and Sustainable Development Committee



All matters relating to safety, health, environment and sustainable development fall within the scope of the Safety and Sustainable Development Committee which I have the privilege of chairing.

The Committee oversees the setting of strategy, policies, standards and programmes in the fields of industrial safety, health, environment and sustainable development at the Group's mines and evaluates the effectiveness thereof. At every meeting, Committee members receive updated information regarding interactions with local communities and any incidents related to industrial safety that have taken place since the previous meeting and examine initiatives to improve performance. The Committee communicates key issues within the scope of its responsibilities to the Board of Directors as necessary so as to ensure that the full board is aware of significant issues and developments. The CEO and the representatives of the management team in charge of the relevant activities attend the Committee's meetings.

Nordgold is a responsible operator and demonstrates its commitment to the UN's Sustainable Development Goals through its actions. Indeed, since Nordgold's foundation, the principles of sustainable development have formed the basis of our approach to business.

2020 marks the beginning of a decade of decisive action to achieve performance targets set in the UN Sustainable Development Goals by 2030. Our ambitions are fully aligned with these goals. Over the next 10 years, the global community will devote significant resources to combating poverty, empowering women, and responding to the climate crisis. This brings with it new challenges for Nordgold — particularly in light of the continued expansion of activities in Africa.

Environmental issues receive focused attention at all levels in the company. We implement initiatives to protect the environment in every country where we operate. These initiatives include water resource management, land and waste management, emissions monitoring, the management of hazardous substances, and the preservation of biodiversity.

Climate change is a global challenge. Nordgold recognises the impact of its activities on the environment and strives to minimise this wherever practically possible. We are always seeking opportunities to reduce CO<sub>2</sub> emissions, water consumption and waste creation. Essential on site power generation, which provides both the energy to run our operations and that required to ensure our employees benefit from safe, comfortable accommodation and amenities, is a significant source of CO<sub>2</sub> emissions and we are therefore implementing a programme to reduce the associated impact. Our major initiatives in this regard include:

- A new efficient powerhouse at Lefa reducing fuel consumption for electricity generation by 15% and engine oil by 30%. This will result in a 17,000-ton reduction of greenhouse gas emissions per year.
- Implementation of a consistent 3-year powerhouse improvement programme at Gross mine, improving efficiencies and resulting in an 8% decrease in coal consumption and approximately 57,700-ton reduction of greenhouse gas emissions in 2021–2022.



- Implementation of the OMNICOMM fuel and lubricant materials consumption monitoring and the WENCO mining equipment dispatching systems which, resulting in a reduction in both fuel consumption and downtime.
- Technical feasibility and design assessments for a proposed solar power plant at Bissa, which if economic, will reduce fuel consumption by approximately 6.4 million litres and CO<sub>2</sub> emissions by approximately 18,000 tons per year.

As an employer, we have great responsibility for ensuring the safety and maintaining the living standards of our employees and their families, as well as ensuring we are a positive long-term contributor and partner to our host communities. We strive to eliminate all risks to the health of our employees and contractors working at Nordgold sites. Central to this is instilling a culture of safety across all our operations.

Our sustainability as an organisation is heavily dependent on relationships with employees, suppliers, contractors, and local communities. We invest in employee well-being programs aimed at improving the social and living conditions at all Nordgold mines and are committed to being a trusted partner to host countries. Continuous dialogue with local communities is a vital component of supporting social stability in communities adjacent to our operations and is key to achieving sustainable operation.

In 2019, the Safety and Sustainable Development Committee held four meetings and reviewed a broad range of relevant issues, including:

- Industrial safety priorities for 2019 and associated initiatives;
- Employee safety in Burkina Faso (given recent geopolitical unrest);
- KPI targets and performance covering health, industrial safety, environmental protection, and interaction with local communities;
- Analysis of the fatal incidents at Taparko and Gross mines;
- Review of procedures in the event of location-specific quarantine;
- Labor protection and industrial safety, for employees and contractors and the standardization of the associated risk management programmes;
- Action plans developed from the detailed analysis of incidents and injury rate trends;
- Local communities engagement priorities.

The importance of ESG has never been greater. We embrace this and fully recognise our responsibilities as a large employer, operating in a global industry and sometimes hazardous environments. I am proud to present our report on sustainable development for 2019.

**Brian Beamish,**

Chairman of the Safety and Sustainable Development Committee









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# MISSION

Nordgold's mission is to ensure a sustainable business and its value growth for the benefit of our shareholders and all stakeholders. Success means «more than gold» for us.

Gold production is the foundation of our work, but our values are more complex and multifaceted. We want our employees to be confident that their safety is Nordgold's highest priority. It is important for us to deserve the trust of the investment community. We strive to contribute to the development of the countries in which we operate, paying special attention to environmental protection.

Success means «more than gold» for us.

# VISION

## Employees' confidence in the future

Nordgold employs thousands of people. As an employer, we have a great responsibility to ensure their safety and maintain the life quality for our employees and their families. We take great efforts to ensure that the work for the Group contributes to our people's potential realisation, is comfortable and safe. We strive to be the best employer in the regions where we operate, and hire the best professionals in the industry.

For more information, see the section «Employees» p. 72

## Development of regions

Being a responsible partner of the local communities is one of Nordgold's fundamental principles. The most important part of our work includes investments in the local communities' social and economic development.

We provide access to water supply, infrastructure and transport. In many areas, we help people to get education and health services.

We build a dialogue with local communities and state authorities based on the principle of mutual respect, while complying with all our legal and tax obligations.

For more information, see the section «Economy and Social Sector» p. 34

## Investor's confidence

We invest in the development of our production and technology. This helps us to achieve greater efficiency and provide investors with a stable return on invested capital. We work hard to ensure our shareholders' trust and confidence in Nordgold at present and in the future.

For more information, see the section «Sustainable Development System» p. 18

## Environmental Protection

Concern for the environment is one of Nordgold's core values. We understand that we work in an industry with high risks, so we take maximum precautions to prevent a negative impact on the environment.

For more information, see the section «Environment» p. 58



# MILESTONES AND SIGNIFICANT EVENTS

**2007–2011** The Group expanded through the acquisition and optimization of existing gold mining assets. During this time, Nordgold grew to consist of the Aprelkovo, Taborny, Irokinda, Kholbinsky, and Berezitovy mines in Russia, the Suzdal mine in Kazakhstan, as well as the Taparko mine in Burkina Faso, and the Lefa mine in Guinea.



## 2007

Nordgold was created as a gold mining division of «Severstal»

**2013–2018** Three major gold mining assets were commissioned: the Bissa and Bouly mines in Burkina Faso and the Gross mine in Russia.



## 2012

Nordgold split from Severstal and placed its global depository receipts on the London Stock Exchange.



## 2018

The launch of the Gross mine resulted in Nordgold winning the «Russian Mining Award» competition in the «Mining Project of the Year» category.

In French Guiana, public hearings were held regarding the Montagne d'Or mine construction project.



## 2019

Underground mining started at the Berezitovy mine in Russia.

Nordgold raised US\$ 400 million in the Eurobond markets by issuing 5-year 4.125% Guaranteed Notes due 2024.

Development of the Uryakh and Tokkinsky projects in Russia, and the Pistol Bay project in Canada.



# PRODUCTION

Nordgold operates in six countries on four continents. There are ten operating mines managed by us. We also have several promising exploration projects and licenses in Burkina Faso, Russia, French Guiana, and Canada.

The Group was founded in 2007 and is relatively young by market standards. However, in the past seven years alone, Nordgold commissioned three major gold mines, building them on time and in accordance with the planned budget.

Nordgold is one of the largest international diversified gold mining companies and a world leader in the field of building reference companies in the industry.

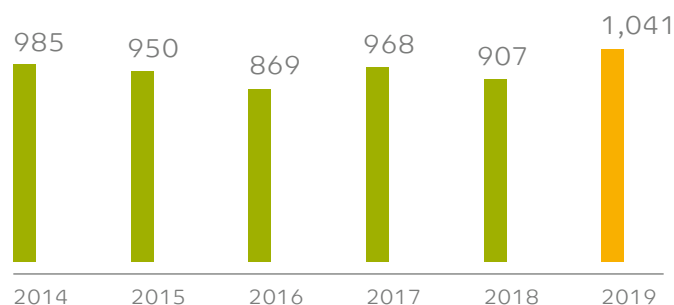
## West Africa

In Burkina Faso, Nordgold owns three business units: the world-class Bissa and Bouly mines, which were built in 2013 and 2016, respectively, and the Taparko mine, which was acquired in late 2008. Having launched the Bouly mine, Nordgold became one of the leading gold mining companies in Burkina Faso. Since 2010, Nordgold has owned the Lefa mine in Guinea. Since its acquisition, Nordgold has invested almost US \$1 billion, securing its status as one of the largest gold producers in this country. The African assets account for about 50% of Nordgold’s total annual production.

## Russia and Kazakhstan

In Russia, Nordgold operates in the territories of the Republic of Sakha (Yakutia), the Republic of Buryatia and in the Amur region. At the end of 2018, Nordgold ranked seventh in Russia in terms of production with a market share of 2.9%. Nordgold is also one of the top ten gold mining companies in Russia in terms of growth rate. The Gross mine, located in the southwest of the Republic of Sakha (Yakutia) and commissioned in 2018, is Nordgold’s flagship asset in Russia. This is the third project implemented by Nordgold from scratch over the past seven years. The Group also owns the Suzdal mine in Kazakhstan.

## Refined gold production volume, thousand ounces

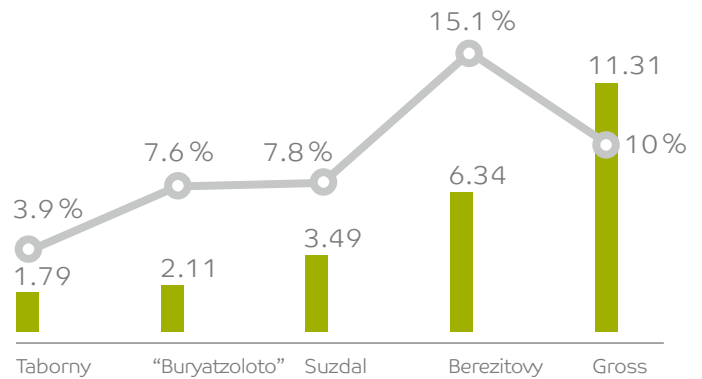


# SUPPLY CHAIN

Most of the purchases for all Nordgold businesses are made with involvement of the Supply Department of Nordgold Management LLC. We purchase mainly chemicals to be used in the process of gold extracting from ore, energy resources and oils, as well as production and non-production services from Russian suppliers. Mining and transport equipment, as well as spare parts, are mainly imported to Russia. Supplier selection is made by the Tender Committee using a multi-criteria selection, which takes into account, in particular, the counterparty's reputation and reliability, as well as its compliance with legal requirements. Twelve percent of purchases are made directly by the business units. About half of these non-centralized purchases are made from local suppliers.

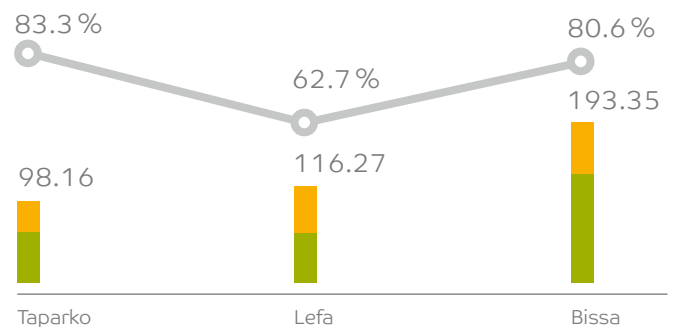
In Burkina Faso and Guinea, suppliers do not get identified at regional level, therefore we consider all enterprises registered in the respective countries as local. Of total supplies defined as purchase from local suppliers at Nordgold's mines in Africa, fuel and oils represent between 25 percent and 30 percent of the total amount. Although these products are imported, the respective tax payments significantly contribute to tax revenues of governments of Guinea and Burkina Faso.

## Purchases from local suppliers in the CIS in 2019, US \$ million



Local purchases share

## Purchases from local suppliers in Africa in 2019, US \$ million



Goods and services Fuel and oils

Local purchases share

## Purchases from local suppliers, amounts in thousands of US dollars\*

	2016	2017	2018	2019
"Buryatzoloto"	4,224	5,975	2,577	2,107
Berezitovy	2,247	9,766	6,857	6,340
Gross	883	3,272	7,612	11,305
Taborny	—	—	109	1,794
Suzdal	31,762	28,714	34,332	27,200
Bissa	110,737	137,069	171,735	193,350
Taparko	75,371	61,313	86,489	98,159
Lefa	24,387	42,260	102,732	116,270
<b>Total</b>	<b>249,610</b>	<b>288,369</b>	<b>412,443</b>	<b>456,525</b>

It is our mission to accelerate the implementation of sustainable development principles in our supply chain management.

\* In Russia and Kazakhstan we define local suppliers as legal entities registered in the regions where our assets are located: the Republic of Buryatia, the Amur region, the Irkutsk and Transbaikalia regions, the Republic of Sakha (Yakutia), and the East Kazakhstan region of the Republic of Kazakhstan.

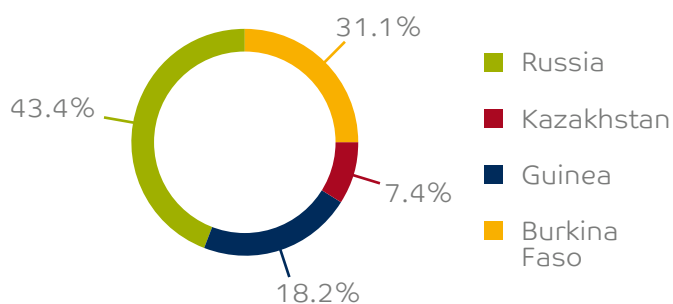


# SALES

Fine gold bars, sold on the spot market, are Nordgold’s final product. Sales are influenced by both production factors (the amount and the quality of the ore produced) and the situation on the precious metals market. Finished products from Africa are sold through Swiss traders, who also refine the metal. In Russia, we sell gold to authorized Russian banks. In 2019, the two main purchasing banks were OTKRITIE and VTB. In Kazakhstan, the entire volume of production is purchased by the Tau-Ken Altyn refinery plant.

In 2019, sales were dominated by gold, with less than 1% relating to silver. The total sales (revenue) in the reporting year amounted to US \$1,448.3 million.

## Consolidated sales by country in 2019



## Direct economic value created and distributed, US million

Created direct economic value, including:	
revenue	1,448.3
Distributed economic value, including:	
operating expenses	650.9
salary and social taxes	217.1
payments to suppliers of capital assets	51.2
payments to the state budget	92.3
investments in local communities	1.8
<b>Undistributed economic value</b>	<b>435.0</b>

# VALUE CHAIN

Field exploration and evaluation
Mines design and construction
Mining of gold-bearing ore
Ore processing
Refining
Sales
Reclamation of disturbed land

# GENERAL INFORMATION ABOUT NORDGOLD, MAIN FACTS AND FIGURES

## Economy



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Operating mines in Russia, Kazakhstan, Burkina Faso, and Guinea.

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Development projects in Russia, French Guiana and Canada.

1,448.3

Consolidated sales in 2019, US \$ million

1,041

Thousand ounces of gold produced in 2019

2.9%

Market share by production volume in Russia in 2018

425

Capex in 2019, US \$ million

about

1,000

more than

150

Total cost including capital expenditures (AISC) per ounce, US \$

Free cash flow at the end of 2019, US \$ million

4th

Enters

Top-20

Ranking number among the 10 largest companies in the non-ferrous metallurgy field of the Russian Federation in 2019, according to the RAEX Rating Agency

in the world in terms of fine gold production companies

Ranking Number in Forbes magazine «200 largest private companies in Russia — 2019”

144th

186th

Place in the RBC 500 rating of Russia's largest companies\*\*

## Environment



0

Environmental incidents of HiPo level in 2019

84%

Share of recycled water

2.5

Thousand tons of recycled waste

## Community



More than

8,000

Employees

69%

Level of staff involvement

27

Hours of training per employee yearly

1.67

Lost Time Injury Frequency Rate in 2019 (LTIFR)

11%

undesirable staff turnover

1.8

Investment in local communities, US \$ million

91.1

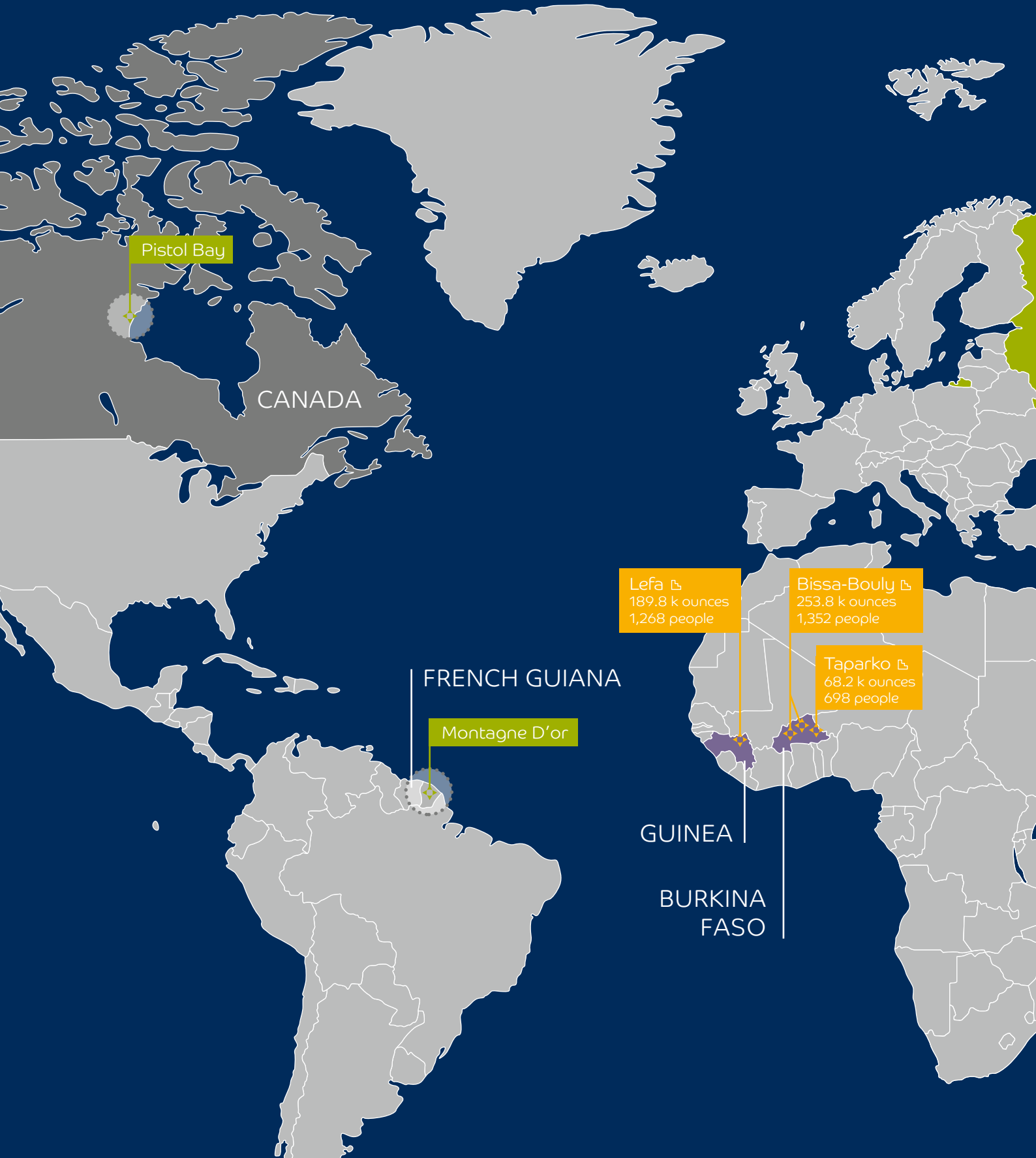
Taxes paid to states in 2019, US \$ million

\* [https://raex-rr.com/country/RAEX-600/rating\\_of\\_largest\\_metallurgical\\_companies](https://raex-rr.com/country/RAEX-600/rating_of_largest_metallurgical_companies)

\*\* [http://pressa.ru/files/issue/private/rbk/2019/10-2019/raw\\_issue/rbk-2019-10-2019.pdf#page=3&zoom=auto,515,409](http://pressa.ru/files/issue/private/rbk/2019/10-2019/raw_issue/rbk-2019-10-2019.pdf#page=3&zoom=auto,515,409)



# WHERE WE OPERATE







# KEY ACHIEVEMENTS IN SUSTAINABLE DEVELOPMENT, 2019



- Nordgold joined the UN Global Compact

- As part of alternative energy development, a project of construction a solar power plant at the Bissa and Bouly mines in Burkina Faso is considered.

- A mobile news app for the employees in Russia and Kazakhstan was launched, as well as a web version of the corporate newspaper



- The Mine{AU}craft project, launched in 2019, won in the "Social Media & Community" category in the "Digital Communications AWARDS-2020" online contest

- A series of "Nordgold Mining Academy" videos filmed in 2019 won in the "Video on Labour Protection and Industrial Safety" category in the "Best Corporate Video" contest held by the Association of Directors for Communications and Corporate Media of Russia (ACMR)



- The HR Department was awarded "Best Team for Attracting Talents" at the "HRO Today Forum" international conference in Dublin

- In 2019, Snow Leopard Foundation team discovered the presence of irbis in Zhakoy Valley of East Sayan Mounting. The findings will contribute to the research of this amazing cat.



- The social projects competition in Buryatia and the Amur River region became the best in the "Digital Projects and Strategies" category in CSR communications under the "Digital Communications AWARDS-2020"



- The "Nordgold Theater Stage" project won the "Silver Archer" award for public relations development — Far East (the city of Vladivostok) in the "Best Project of 2019 in the Field of Intra-corporate Communications and Media Development" category

- A social projects competition related to the Berezitovy mine was launched for the first time in the Tyndinsky and Skovorodinsky districts of the Amur region
- The benefits amount doubled under the agreements on social and economic cooperation between Neryungri-Metallik and the administrations of the Olekminsky district and the Tian national 'nasleg' (rural settlement), as well as with the nomadic kinship community «Tyanya»







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# MANAGEMENT

We are committed to high standards of corporate governance. The Group's long-term success is largely the result of the effective work of a highly qualified and experienced Board of Directors. It consists of eight directors, half of whom, including the Chairman, are independent.

All the members of the Board of Directors have the special knowledge and experience required to perform their duties. The Directors' additional training needs are reviewed and met as necessary. All Directors, including the independent Non-Executive Directors, are given full and timely access to relevant information about the Group and its activities. They can use the help and assistance of the Nordgold management and employees, as well as those of any external independent experts.



**Nikolai Zelenski**  
Chief Executive Officer



**David Morgan**  
Independent Chairman



**Brian Beamish**  
Independent Non-Executive Director



**John Munro**  
Independent Non-Executive Director



**Gregor Mowat**  
Independent Non-Executive Director



**Alexey Mordashov**  
Non-Executive Director



**Roman Vasilkov**  
Non-Executive Director



**Evgeny Tulubensky**  
Chief Legal Officer, Corporate and Regulatory Affairs

The Board meets at least six times a year to discuss a wide range of issues, including the strategies for sustainable growth and risk reduction. In 2019, the discussed topics included political risks related to the internal situation in Burkina Faso and Guinea, the need to strengthen security at the mines in Burkina Faso due to a series of terrorist attacks, as well as the further improvement of the production safety indicators (LTIFR) at all the business units. Information about the members of the Board of Directors is available on the corporate website and in Nordgold's annual report for 2019.\*

The Board operates through five Committees, including:

- Remuneration Committee;
- Nomination Committee;
- Audit Committee;
- Safety and Sustainable Development Committee;
- Disclosure Committee.

Issues of sustainable development fall within the competence of the Safety and Sustainable Development Committee. It evaluates reports on strategy implementation effectiveness, management policies and standards in the field of industrial safety and sustainable development at the Nordgold mines, and informs the Board of Directors about the key issues in its scope of responsibility.

At each meeting, the Committee members receive updated information on their interaction with local communities, on the events and incidents in the field of industrial safety which occurred since the previous meeting, and consider specific initiatives aimed at enhancing safety. The Committee meetings are attended by the CEO and representatives of Nordgold's management team responsible for the relevant work areas.

The Disclosure Committee ensures that all stakeholders are notified of key events of the Group's social, environmental, and economic activities in a timely manner.

The Audit Committee controls the process of preparation and independent audit of financial statements; it also analyses the work of Nordgold's internal control and risk management system. This, in turn, affects the way we identify and address sustainable development challenges.

The Board of Directors delegates the responsibility for managing the operational activities to the Nordgold management team, which is headed by the CEO. The Nordgold management team includes highly qualified professionals with deep operational and financial knowledge and extensive experience in implementing major mining projects, including underground and open-pit mining. Most of the management team members have been working at Nordgold since its foundation in 2007.

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\* <http://nordgold.com/about/leadership/board-of-directors/>



# COMPANY'S APPROACHES TO SUSTAINABLE DEVELOPMENT

We understand that truly sustainable development and the solution of such a complex task as mining without any risk for future generations is possible only if environmental and social factors are taken into account. Based on this, we have defined strategic guidelines that allow us to implement environmental responsibility standards, as well as social and cultural integration policies in all the Group's divisions.

Nordgold's strategy for sustainable development involves the CEO, Board of Directors, and major shareholders. The principles of the corporate social responsibility (CSR) and sustainable development are reflected in the corporate governance system and are integrated into functional strategies. They cover areas such as human resource management, ecology, industrial safety and health, impact on local communities, and, in part, supply chain management. We try to implement all these principles in the Group's daily activities. The Corporate Social Responsibility (CSR) issues are coordinated by the Department for Internal Communications and Sustainable Development of Nordgold Management LLC, which reports to the Chief Legal Officer, Corporate and Regulatory Affairs. The departments such as HR and the Industrial Safety, Labour and Environmental Protection Service are also involved in addressing issues related to sustainable development.

Nordgold's strategy on corporate social responsibility and sustainable development is organically integrated into the corporate strategy and is implemented at the business units through functional divisions and the Nordgold business system.

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**In our current activities, we are guided by the provisions of certain international publications such as:**

- UN Universal Declaration of Human Rights;
- United Nations Guiding Principles on Business and Human Rights;
- Basic Standards of the International Labour Organisation (ILO);
- Principles of the UN Global Compact;
- UN Sustainable Development Goals.

The Nordgold business system (BSN) is a set of programs aimed at improving operational efficiency and our industrial safety indicators. BSN operates throughout the Group and aims at optimizing the performance by focusing on the three key aspects in the organisational management:

- continuous improvement through the involvement of employees;
- implementing innovations for achieving long-term goals;
- creating an environment for sharing knowledge and solving problems among all the employees.

Our environmental management system covers detailed environmental footprint impact assessment, pollution prevention, the reduction of greenhouse gas emissions, the rational use of energy and natural resources, as well as waste minimisation, its recycling, and spill prevention. Our goal is to apply the most effective methods for the environmental protection; we also ensure reforestation and biodiversity protection.

Our obligations to our employees include stable and well-paid work, a clear and transparent motivation system, as well as safe working conditions and comfortable living conditions in the rotation camps. In addition to the social programs implemented with Nordgold's support, we support the development of corporate volunteerism. Many of our employees contribute to the development of local community structures.

We fulfill our social obligations in all regions where we operate and strive to ensure a peaceful and mutually beneficial co-existence with local citizens. We allocate funds for school construction and reconstruction, road repairs, providing access to water and supporting social initiatives. In Africa, we assist local farmers by providing them with equipment and educational programs, help the local population to cope with the consequences of emergencies, receive additional sources of income, and improve their standard of living and quality of life.



# SUSTAINABLE DEVELOPMENT GOALS

We contribute to global efforts mobilization to ensure sustainable development and strive to align our business strategy with global priorities, promote sustainable development by minimising negative consequences and increasing the positive impact on the people's lives and the planet. To do this, we look for local solutions to global problems: we ensure the sustainability of the territories where the companies operate, promote the development of the local economy, and strengthen the well-being of the local communities.



We share the principles of the UN Global Compact, and in 2019, we received official approval for joining this major international initiative.

We support the "2030 Agenda for Sustainable Development", approved by heads of states and governments in the course of the UN Sustainable Development Summit in 2015. We consider it a priority to participate in achieving the following UN SDGs.

Objective/Tasks	Programs/Events	Report Section
<p><b>1 NO POVERTY</b></p>	<p><b>1.5</b> Local community support programs in Africa</p>	<p>Contribution to Regional Economies' Development <b>p. 36</b></p>
<p><b>2 ZERO HUNGER</b></p>	<p><b>2.3</b> Purchase of commercial products from local farmers for the mines' needs</p> <p><b>2.4</b> Assistance in the development of gardening among local citizens</p>	<p>Promoting Agriculture and Employment of Indigenous People in West Africa <b>p. 40</b></p>
<p><b>3 GOOD HEALTH AND WELL-BEING</b></p>	<p><b>3.3</b> Eradication of malaria in Africa</p> <p><b>3.4</b> Preventive medical examinations of employees</p> <p><b>3.6</b> Prevention of road accidents involving corporate vehicles</p> <p><b>3.8</b> Vaccination and medical examinations of employees</p>	<p>Health of Employees <b>p. 57</b></p>
<p><b>4 QUALITY EDUCATION</b></p>	<p><b>4.1</b> Building schools for local communities</p> <p><b>4.3</b> Promotion of vocational training and higher education in the regions of presence</p> <p><b>4.4</b> Training mining equipment drivers, industrial training programs for women in West Africa</p> <p><b>4.6</b> Schools for adults</p>	<p>Support for Education and Health <b>p. 44</b></p> <p>Promoting Agriculture and Employment of Indigenous People in West Africa <b>p. 41</b></p> <p><b>p. 40</b></p>
<p><b>5 GENDER EQUALITY</b></p>	<p><b>5.5</b> Effective participation of women and equal opportunities in terms of leadership at all decision-making levels</p>	<p>Promoting Agriculture and Employment of Indigenous People in West Africa <b>p. 41</b></p> <p>Employees <b>p. 81</b></p>



Objective/Tasks	Programs/Events	Report Section
 <p><b>6</b> CLEAN WATER AND SANITATION</p>	<p><b>6.1</b> Wells drilling for water supply in the communities (in the West African countries)</p> <p><b>6.2</b> Toilets in new villages</p> <p><b>6.b</b> (in West African countries)</p> <p><b>6.3</b> Wastewater reduction, industrial recycling systems</p>	<p>Promoting Agriculture and Employment of Indigenous People in West Africa <b>p. 41</b></p> <p><b>P. 43</b></p> <p>Responsible Water Use <b>p. 62-63</b></p>
 <p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p>	<p><b>7.2</b> Construction of a solar power plant</p>	<p>Rational use of energy <b>p. 71</b></p>
 <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>	<p><b>8.6</b> Youth education</p> <p><b>8.8</b> Respect for labour rights and workplace safety</p>	<p>Promoting Agriculture and Employment of Indigenous People in West Africa <b>p. 40</b></p> <p>Respect for the Right to Freedom, Labour Rights and Human Rights <b>p. 82</b></p> <p>Approaches to Occupational Health and Safety Management <b>p. 52-54</b></p>
 <p><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p>	<p><b>11.c</b> Housing construction for the local population</p>	<p>Resettlement of Local People <b>p. 42-43</b></p>
 <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p><b>12.4</b> Responsible use of cyanide</p> <p><b>12.5</b> Recycling of wastes</p> <p><b>12.6</b> Resuming reporting on contributions to sustainable development</p>	<p>Use of Dangerous Substances <b>p. 68</b></p> <p>Waste Management <b>p. 65</b></p> <p>Sustainable Development System <b>p. 31</b></p>
 <p><b>13</b> CLIMATE ACTION</p>	<p><b>13.b</b> Program for transferring homecraft gold prospectors to gardening and crafts</p>	<p>Promoting Agriculture and Employment of Indigenous People in West Africa <b>p. 40</b></p>
 <p><b>15</b> LIFE ON LAND</p>	<p><b>15.3</b> Reforestation program</p>	<p>Promoting Agriculture and Employment of Indigenous People in West Africa <b>p. 41</b></p>
 <p><b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p><b>16.a</b> Construction of police stations</p>	<p>Contribution to Regional Economies' Development <b>p. 37</b></p>
 <p><b>17</b> PARTNERSHIPS FOR THE GOALS</p>	<p><b>17.7</b> A joint project aimed at helping women engaged in home-craft gold mining in Burkina Faso, with the participation of Nordgold, the National Women's Association, the French Embassy in Burkina Faso and the authorities</p>	<p>Promoting Agriculture and Employment of Indigenous People in West Africa <b>p. 40</b></p>

# ETHICAL BUSINESS CONDUCT AND FIGHT AGAINST CORRUPTION

Some of the countries in which Nordgold operates are characterized by significant economic, political and social instability and are exposed to a high risk of corruption. We strive to follow the principles of open and honest business conduct. Nordgold complies with the UK Bribery Act, US Foreign Corrupt Practices Act, and legislation aimed at fighting corruption and bribery in the countries where it operates. In 2013, we adopted our own anti-corruption policy and implemented it at all Nordgold's mines.\*

The policy is a part of a comprehensive anti-bribery and anti-corruption program implemented by Nordgold. It does not only regulate employees' actions in this area, but also includes mandatory information sharing and training. Thus, all new employees should be acquainted with the requirements of this policy within 45 days from their work commencement date in the company, and should complete training in the field of anti-corruption within the scope of their job responsibilities and the requirements of the internal regulatory documents.

1,235 employees from Russia and Kazakhstan completed an online anti-corruption course, which was developed and launched in 2019.



\* [http://m.nordgold.com/upload/files/policies/nordgold\\_abc\\_policy.pdf](http://m.nordgold.com/upload/files/policies/nordgold_abc_policy.pdf)

The anti-corruption clause is included in Nordgold contracts. We have adopted special verification procedures that are necessary for the transactions involving shares acquisition, joint ventures, as well as mergers and acquisitions. Through sponsorship and charitable support to projects and organisations, we want to be sure that the funds allocated by Nordgold will be used for their intended purpose and will really help to improve the lives in the regions where we operate. We carry out a risk assessment relative to the corruption component of this activity. Therefore, all the sponsorship and charity programs are included in a special register. Gifts received by employees, the value of which exceeds established limits, are also taken into account.

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The Mining Code of Guinea explicitly prohibits bribing any government or elected officials. To obtain a mining license, companies sign a commitment on compliance with the Code of Good Practice. Any violations of the Code may result in penalties, even up to the revocation of their licenses. At the same time, their owners must submit an annual anti-corruption monitoring plan to the Ministry of Mining Industry.

Nordgold adheres to the principle of zero tolerance for any form of modern slavery and shares the growing concerns expressed by society and regulators regarding human rights violations of this type in the mining companies' supply chains. We are implementing effective systems and controls to protect against the use of any forced labour and any form of human trafficking in our businesses. For this purpose, we perform appropriate checks of our suppliers and contractors.

In their work, employees are also guided by the Code of Business Conduct and Ethics, which was adopted by the Board of Directors in 2013. The Code requires that employees should behave ethically, honestly, and observe established principles while achieving the business goals. Employees can anonymously report any serious violations, including excessive use of official duties, corruption or any other criminal activity on the part of their colleagues, Nordgold management or suppliers, to corporate hotline, which operates in three languages, using a toll-free phone number or via a special website <https://nordgold.alertline.eu>.

During 2019, the hotline received five complaints related to Code violations. In each case, internal checks were carried out. All of them were accepted for consideration by the Nordgold Ethics Committee. The effectiveness of the hotline and the Ethics Committee is reviewed by the Audit Committee under the Board of Directors.



# INTERACTION WITH STAKEHOLDERS

We believe that a socially responsible approach to our activities, based on cooperation with all stakeholders, is fundamental to our success and ability to ensure long-term benefits. Nordgold traditionally considers employees, contractors, local authorities, non-profit organisations, and other entities representing local communities' interests, as its key stakeholders. This list was left unchanged by the working group engaged in this report preparation, taking into account the accumulated experience of the interaction.

Health and safety of our employees, contractors and local citizens is our top priority.

We strive to maintain a continuous, open, and constructive dialogue with our stakeholders. To do this, we have a developed system of communication channels. It includes a corporate portal for our employees, a corporate newspaper for the staff of Russian, Kazakh, and African mines in the Russian and French languages, an HR hotline for our employees and negotiations with trade unions regarding conclusion of collective agreements.

The "Nordgold" newspaper was recognised as the best corporate media in Russia, according to "MediaLeader" (2017), AKMR (2018), and the PROBA Awards (2018) contests.



In 2019, we launched the Nordgold Info mobile news app at our Russian and Kazakh mines; it has a feedback feature and enables one to ask any question and receive an answer from Nordgold management team. In 2020, we plan to launch a similar application at the African mines.

Interaction with employees and taking their reasonable expectations into account strengthens the corporate culture and loyalty and reduces the risk of any labour disputes.

The Group complies with its obligations on consulting with local communities in accordance with the relevant legislation of the countries where Nordgold is present. In 2014, we adopted a Community Relations Policy.\*

During the development of the promising gold mining project in French Guiana, Montagne d'Or, all the necessary approval procedures provided for by the European and French regulators are being implemented. The project's public discussion is arranged as a part of national debates which are moderated by an independent monitoring body — the National Commission on Public Debate (CNDP). The main concern of the local populations is related to the possible negative impact of the planned production on the environment.

If production expansion requires population relocation, informational meetings are held where company representatives talk about its plans for housing construction, as well as compensation amounts for lost plots of land and property.

\* [http://nordgold.com/upload/files/policies/Social\\_Policy\\_en.pdf](http://nordgold.com/upload/files/policies/Social_Policy_en.pdf)

In June 2019, the municipality of Yalgo (Burkina Faso) hosted a public hearing related to the project on building an underground mine; the hearing involved local citizens, representatives of local and central authorities, as well as those employees responsible for the company's plans. Such issues as personnel recruitment and training, the possible impact of the underground mining on the lives of the local population, the water use regime, and the safety of the local population of the future Goengo quarry territory were discussed.

As 70% of the population is engaged in home-craft gold mining, at the request of local authorities, the interests of individual gold miners were taken into account as part of the study on the environmental and social impact of the Tangarsi East project. The plots allocation within a radius of 3 km from the project's industrial site was provided for them. Exploration works will also be carried out on this territory.

Public hearings are held before launching large projects in Russia as well. In October 2019, the project for the Vysokoye gold deposit development was discussed at public hearings on environmental footprint assessment (EFA), which took place at the Olekminsky district of the Republic of Sakha (Yakutia). The new site is located 3 km from the main Tabornoe pit.

Interaction with stakeholders helps us engage our partners in implementing social and economic development programs and environmental programs in the territories of our presence, and, consequently, it helps reduce the corresponding risks. Our grant schemes' operators in Buryatia and the Amur region are represented by experienced non-profit organisations which serve as resource centers and are deeply involved in the problems of the local communities. Public hearings are held in connection with the social projects competition. (For more information about the interaction with the non-profit organisations, see the "Grants Competitions in Buryatia and Amur Region" section.)

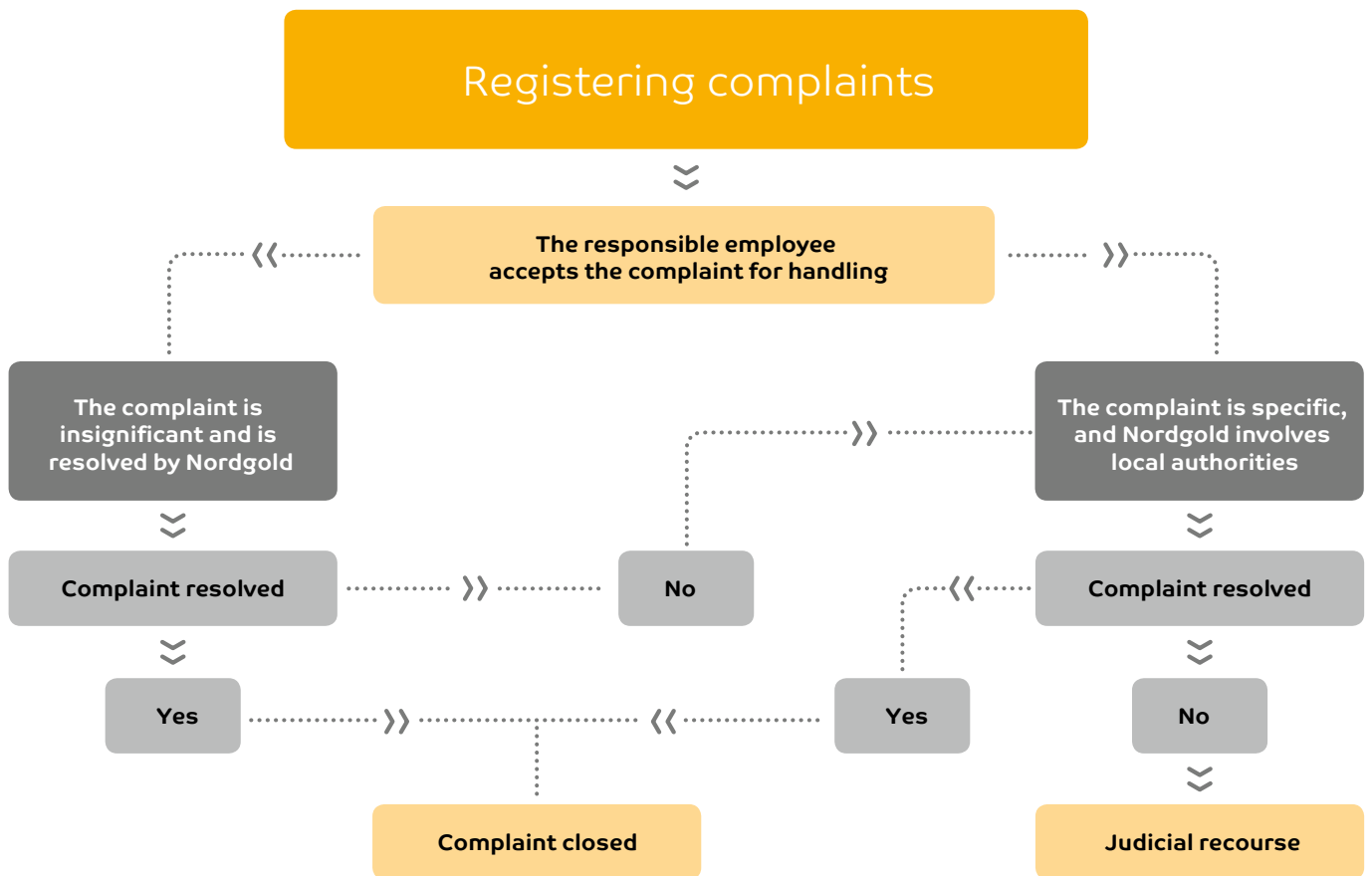


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The Movie "The Soyots. Ordinary Happiness" tells about the small-numbered indigenous people inhabiting the Okinsky district of the Republic of Buryatia. It won 3rd place in the "Best film about Social and Environmental Projects" category, according to the results of the MineMovie Video Film Festival dedicated to the mining industry as a part of the MINEX Russia 2019 Forum.

Our mines in West Africa have the following peculiar situation: as production develops, a high concentration of the local population, including illegal gold prospectors, gathers around the mines. Therefore, maintaining good-neighborly relations is of great importance, in particular, for the uninterrupted production of the organisation. Constant dialogue with local authorities and informal leaders of the local communities helps to quickly solve all problems that arise in a constructive way. These responsibilities are assigned to community relations managers designated by local employees. Businesses in African countries actively interact through Advisory Committees, which include local people, local authorities, and traditional community spiritual leaders. Their meetings are mostly planned in advance, but they can also be situationally organised. We have assigned employees responsible for interacting with certain villages have been assigned. Management also holds personal meetings with local authorities. Beginning in 2020, we expect that this work will be conducted on a regular basis.

In order to ensure effective and fair interaction with local communities, Nordgold has established a complaints procedure adapted to local customs and cultural specifics. The process of receiving, registering and reviewing a complaint, as well as taking necessary measures, is the responsibility of the business unit community relations departments. Employees of such divisions handle all oral and written complaints filed by individuals (or groups of individuals) in relation to the activities of the company, its employees, contractors, and service providers.





It is the responsibility of the division's employees to ensure that complaints are processed transparently, and to provide necessary information to the interested parties regarding the results of the process. In addition, these employees ensure that personal information is treated confidentially so that no complainant could be put at risk in connection with the complaint. This approach ensures respect for basic human rights and promotes productive, respectful, and mutually beneficial relationships with communities in the regions where Nordgold operates.

We adhere to the policy of openness and transparency and regularly report on Nordgold's development strategy, as well as any significant changes in its activities and new initiatives. In June 2019, the members of the Parliament of the Republic of Buryatia — the People's Khural — visited the Irokinda mine, got acquainted with the process of mining and ore processing, as well as with the system of industrial safety and labour protection. In October 2019, journalists from leading Amur media got the opportunity to see the work of the Berezitovy mine with their own eyes.

In the period from September 26 to October 1, Nordgold held a series of road shows in Moscow, New York, London, Boston, and Zurich as part of the Eurobond placement.

In 2019, the Nordgold press service released 89 reports on key events. We also provide data for participation in the openness ranking for mining and metallurgical companies, which is maintained by the World Wildlife Fund of Russia and the National Rating Agency, and decided to resume reporting on sustainable development.

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**Nordgold was ranked 5th in the "environmental management" section in the final openness rating for mining and metallurgical companies in Russia in the field of environmental responsibility for 2019.**

In 2019, Nordgold speakers shared the Group's experience at Russian and international forums and conferences, including:

- Russia–Africa Summit and Economic Forum, (Sochi, Russia);
- Annual Conference of the World Association of Mining Lawyers (Marrakech, Morocco);
- St. Petersburg International Legal Forum's "Africa: Legal Challenges and Solutions" session (Saint Petersburg, Russia)
- Fourth Session of the UN Environment Assembly (Nairobi, Kenya);
- United Nations forum on business and human rights (Geneva, Switzerland);
- International Finance Corporation's "IFC Sustainability Exchange" conference (Dakar, Senegal);
- Denver Gold Forum (Denver, USA).

# RISK MANAGEMENT

Nordgold's risk management system is integrated into its planning process and affects all of the Group's operational activities. It allows for the identification, documentation, evaluation, and management of events that may negatively affect the business and the planned achievement results in order to reduce any potential losses.

The risk management system includes a set of internal documents, risk registers at the Group and business unit levels, a means of control, and management bodies responsible for its implementation.

Nordgold has developed and adopted a risk management policy, as well as risk management procedures and other regulations that apply to its all business units and functional divisions.

The Nordgold risk assessment and management process involves all the management levels, including the CEO, the Board of Directors, directors of the business units, functional directors of Nordgold Management LLC, the risk manager and the Internal Audit Department (for detailed information on risk management see the Nordgold Annual Report 2019, p. 42).

Among the main non-financial risks identified by Nordgold and related to sustainable development challenges, are the following:

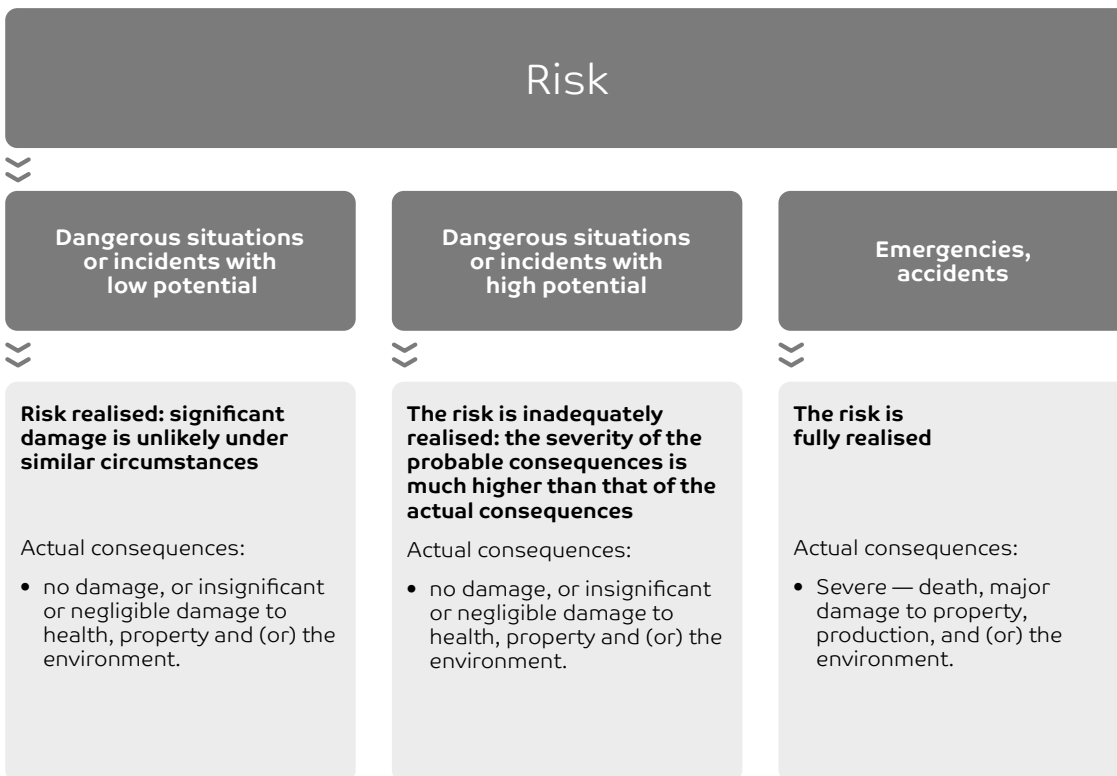
- Risks to health and safety of Nordgold employees and its contractors due to work under potentially dangerous conditions that can lead to accidents at work and cause harm to employees.
- Environmental risks for the mining industry related to the specifics of the negative impact caused by production processes and chemicals used that may result in damages or harm to the environment and (or) the population.
- Risk of uncertain operating environments due to political and social conflicts or instability. Ethnic, religious, historical and other divisions have, on occasion, given rise to tensions and, in certain cases, terrorist attacks. Uncertain operating environments could have a material adverse effect on the Group's business, results of operations, financial condition and future prospects.
- Risk of Nordgold's reputation deteriorating in the communities in which it operates. The continued success of the Group's existing operations and its future projects are in part dependent upon the broad support of, and a healthy relationship with, the local communities in the areas in which the Group operates. If these local communities perceive that Nordgold is not respecting or advancing the economic and social progress and safety of the local communities, our reputation could be damaged, which could have a negative impact on its ability to secure new resources and labour and its financial performance.
- Risks to reputation caused by the absence of broad support within local communities in the regions where Nordgold operates. The communities' negative reaction may be caused by the opinion that the current and (or) potential types of the Group's production activities are detrimental to their safety, as well as to environmental, economic or social stability.
- Risks of constantly tightening environmental regulations reinforced by any activities in various jurisdictions, which impose significant obligations on the Group both at the stage of field development and upon its works completion.
- Risk of tailings storage facility failure. Storage of tailings may present a risk to the people, environment and property. There is a risk of leakage from or failure of the Group's tailings dams. It could significantly affect NG current operations and future projects.

# MANAGING ENVIRONMENTAL RISKS AND RISKS IN THE FIELD OF OCCUPATIONAL SAFETY

In Nordgold's internal reporting system, the events which may create risks of a negative impact on the environment, labour protection, and industrial safety, are divided into dangerous conditions, dangerous actions, dangerous situations, and accidents. Accidents and dangerous situations are also distinguished by the level of risk and actual consequences to "HiPo"(High Potential — with the probability of significant consequences) and "non-HiPo " — those that could not cause any significant consequences with a high probability.

Classifying events by their risk level allows us to focus on the events with the greatest risk level.

## Events Classification by Risk-Consequences Ratio



In 2019, 31 events were registered at Nordgold business units that caused or could have potentially caused an abnormal environmental footprint. All the accidents occurred in a protected area and did not affect the environment outside the mine territory.









# Economy and Social Sector



- 36** Contribution to Regional Economies' Development
- 39** Impact of Climate Change on Social and Economic Conditions in Sahel Countries
- 40** Promoting Agriculture and Employment of Indigenous People in West Africa
- 44** Support for Education and Health
- 45** Grant Competitions in Buryatia and Amur River Region
- 48** Support for Projects in the Field of Culture
- 49** Participation of Local Communities in Solving Environmental Problems

By developing production, we make serious efforts to improve local communities' lives, and create an atmosphere of mutual trust and respect. We do a lot to ensure that the regions where we operate could take advantage of benefits provided by our businesses: tax payments and purchases from local suppliers, jobs, and access to education and healthcare services, as well as other opportunities created by our assets. We contribute to the achievement of the UN Sustainable Development Goals and create conditions for improving people's living standards. At the same time, we want to ensure the sustainable development of the local communities even after our mines are closed. We strive to solve problems that arise through dialogue.

In 2019, Nordgold's investments in the social sector of the countries where it operates amounted to US \$1.8 million.

## CONTRIBUTION TO REGIONAL ECONOMIES' DEVELOPMENT

The mining industry plays an increasing role in the development of many countries in Africa. Nordgold is one of the largest investors in Burkina Faso and Guinea and contributes significantly to the development of these countries, both through direct investment, taxes, and through creating job opportunities for the population of these countries. Since starting its operations in West Africa in 2008, Nordgold's cumulative investments in Burkina Faso and Guinea have exceeded US \$1.5 billion. Nordgold provides about 2,000 high paying jobs for local people in Burkina Faso and over 1,300 similar jobs in Guinea.



Today, the Lefa mine is one of the most attractive employers in Guinea. 95% of the company's employees are Guineans. Foreign experts, who take technical and administrative positions, account for only 5% of the jobs. This indicator corresponds to the practice of other foreign companies operating on the African continent. The average monthly salary is US \$1,250, excluding bonuses and salary bonuses in cash and benefits in kind. Wages are indexed annually in accordance with the agreement between the company and labour unions. In addition to their salary, each employee and his/her family member is provided with free health insurance.



Given the high risk of terrorist attacks and fears for the local population's safety, the community committees in the villages surrounding Nordgold's businesses in Burkina Faso suggested that a portion of the company's funds allocated to the social programs should be dedicated to strengthening law enforcement infrastructure. As a result, new police buildings were erected in the locality of Burum, North of the Taparko mine, in the administrative center of Sabse, and in the village of Mane, next to the Bissa and Bouly mines. Thus, additional protection was provided for local communities, as well as for the Group's mines.

In Guinea, the Lefa business also sponsored the construction and equipping of a police post and a gendarmerie post in the village of Lero. Lefa not only keeps the local roads which are part of the company's infrastructure functioning, but also took the responsibility for maintaining and improving the road connecting the villages of Lero, Dingirai and Bissikirima. This road, being more than 190 km long, is a vital transport artery for the local population and a channel for communication with other regions of the country.

### Payments to States, USD\*

Regions / Countries	Year	Taxes	Dividends	Fees	Infrastructure Improvements	Total
Guinea	2018	11,702,663	0	11,837,261	760,594	24,300,518
	2019	7,570,788	0	0	156,785	7,727,573
Burkina Faso	2018	56,551,670	2,830,060	0	0	59,381,730
	2019	38,122,946	1,013,834	0	0	39,136,780
Kazakhstan	2018	16,295,873	0	0	0	16,295,873
	2019	16,586,105	0	0	0	16,586,105
Russia	2018	24,091,793	0	0	0	24,091,793
	2019	28,834,175	0	0	0	28,834,175
Total	2018	108,641,999	2,830,060	11,837,261	760,594	124,069,914
	2019	91,114,014	1,013,834	0	156,785	92,284,633

The Bissa and Bouly mines are among the Top 100 most dynamically developing companies in Burkina Faso according to the rating of Eco Finance Entreprises, an international organisation. The selection considered such criteria as the company's assessment, innovation level, market share, as well as the company's impact on the economy of the country.



\* [http://www.nordgold.com/upload/iblock/f86/Nord%20Gold\\_Report%20on%20payments\\_2018%20Fin.pdf](http://www.nordgold.com/upload/iblock/f86/Nord%20Gold_Report%20on%20payments_2018%20Fin.pdf)

Nordgold mines play a significant role in the social and economic development of the Olekminsky district of the Republic of Sakha (Yakutia). An important part of the district budget consists of the income tax revenues received from individuals, mainly the Gross mine employees. In the last 10 years, gold miners have been providing targeted financial assistance under agreements on social and economic cooperation to the Olekminsky district, the Tyanya national 'nasleg' (territorial administrative unit in Yakutia), and the nomadic tribal community "Tyanya". In the period from 2013 to 2019, 33.2 million rubles (US\$ 512.9 thousand) were allocated for socially significant purposes. These funds were used to build the Markhinsky school and kindergarten, residential houses for young visiting professionals in the villages of Tyanya, Delgey and Uritskoye, as well as for supplying reindeer herders with food and fuel. Scholarships were awarded to students living in Tyanya 'nasleg', and the young professionals' training was paid for.

Three new agreements for a total amount of 8.6 million rubles (US\$ 132.9 thousand) were signed in 2019. Financial assistance is allocated by the administration of the Olekminsky district for the construction of the "Palace of Childhood" in the city of Olekminsk (the center for schoolchildren's creative development and humanitarian education), for the improvement of public squares, roads, recreational areas, and other purposes. In addition, the agreement provides a quota for the district citizens' guaranteed employment for the existing vacancies at the gold mining assets. Tyanya national 'nasleg' received funds for the construction of a cultural center and a kindergarten in the village of Tyanya, as well as for the purchase of equipment for the community's needs. The "Tyanya" agricultural cooperative used the allocated funding for the purchase of food, fuel and lubricant materials for the reindeer herders.

Low-numbered Indigenous Peoples of the North also live on the territory of the Tyndinsky district of the Amur region (about 1,000 of the Evenkis) and the Okinsky district of the Republic of Buryatia (3,500 Soyots), where Nordgold assets are located. These territories are located in the mountainous areas and are characterized by low transportation accessibility, poorly developed social infrastructure, and a difficult social and economic environment. The Nordgold mines and their employees are interested in a stable and positive social environment in the areas where they operate. In this regard, Nordgold annually holds a social projects competition in the districts of Buryatia and the Amur region, in which it supports local initiatives with grants totaling 2 million rubles (US\$ 30.9 thousand) (see the "Grant Competitions in Buryatia and Amur River Region" section for more information).



In 2019, the Gross mine also contributed to purchasing two off-road vehicles for the community of the low-numbered indigenous peoples of the North — the Evenkis — "ORON" in the Kalarsky district (Zabaykalsky Krai).

"Buryatzoloto", a member of the Nordgold group, is a major taxpayer to the budget of the Republic of Buryatia and one of the most stable employers. The company's two mines employ about 1.3 thousand employees. Thanks to the Irokinda mine, the road across the mountain pass to the village with the same name is kept functioning, the operating expenses incurred by Inter-Regional High-Voltage Grid Company of Siberia for the power line supplying electric power to the territory are paid for, and the village is heated. An important object of the social infrastructure — the mine's medical and obstetric center (MOC) — serves not only its employees, but also the citizens of the Irakinda village. The MOC building is a modern medical facility with all the necessary equipment. The services of a multi-functional gym built by the company in 2019 are used by mine employees, and in the future, the Irakinda village citizens will be able to visit it as well.

"Rostelecom" and "Buryatzoloto" implemented a joint project on building a fiber-optic communication line in the Tunkinsky and Okinsky districts of Buryatia. The Kholbinsky mine located in the Okinsky district became the end point of the new 196 km long line. The total investment amount was 53.8 million rubles (US\$ 831.1 thousand). This has improved the social and living conditions at Nordgold's mines, as well as the production processes operational management efficiency and the quality of network services. The project implementation is also of high social significance. Now, local people, schools and medical institutions in the Turan and Mondy villages have access to high-speed Internet through a land cable, and have also been able to get high-definition digital interactive television connected. The telephony quality has significantly improved, and modern payment systems will be developed.

## IMPACT OF CLIMATE CHANGE ON SOCIAL AND ECONOMIC CONDITIONS IN SAHEL COUNTRIES

Burkina Faso, where two leading Nordgold mines are located, belongs to the Sahel region. According to scientists, the global warming rate in this natural zone is higher than the planet's average, so droughts and floods are longer and more frequent. Approximately 80% of the Sahel's agricultural land is degraded, and the land area suitable for cattle breeding is decreasing. At the same time, natural resources depletion is accompanied by rapid population growth. In addition, many states in the region have conflicts that provoke migration. Due to frequent dry seasons, low harvests, and high prices for basic foodstuffs, the region periodically experiences widespread famine. In 2018, the grain deficit amounted to 477 thousand tons, about 2.5 million people experienced food shortages due to the poor crop.

This combination of factors forced thousands of men, women and children in Burkina Faso to risk their health and lives, abandon agriculture, and turn to artisanal gold mining. In home-craft mines, the work is carried out mainly by manual methods, often in dangerous conditions, child labour is widespread, and mercury and cyanide are often used to enrich gold. Similar trends are typical for local communities around the Bissa, Bouly and Taparko mines belonging to Nordgold. From 500 to 1,000 illegal gold prospectors function around the Lefa mine. Their activities are regulated by the state, and Nordgold cannot improve this situation significantly.

In order to provide alternative income sources, Nordgold aims at increasing local employment, while redirecting some illegal gold prospectors, in particular, women, to other, safer activities (see the "Promoting Agriculture and Employment of Indigenous People in West Africa" section for more information). Child labour is prohibited at all business units. Nordgold also monitors whether this practice is being prevented by its local contractors who perform works or provide services for the Group.



# PROMOTING AGRICULTURE AND EMPLOYMENT OF INDIGENOUS PEOPLE IN WEST AFRICA

Nordgold closely monitors trends related to climate change. In the region, the United Nations Plan on supporting the Sahel countries is being implemented, complementing the United Nations Integrated Strategy for the Sahel. The Strategy's goals are being specified in accordance with the UN Agenda 2030 and its Sustainable Development Goals (SDGs). Nordgold also contributes to achieving these goals.

The territories of sub-Saharan Africa are classified as zones of risky agriculture due to their climatic features. Extremely adverse weather conditions affect crop yields, which, in turn, affect market prices. During the rainy season, in rural areas, food prices grow by 40% or more. Local people neither have the ability to store food, nor can they afford food at high prices. Therefore, the "Food Bank" project is being implemented at the Bissa and Bouly mines. Nordgold buys products at wholesale prices in advance — usually cereals (millet, sorghum, and corn) and creates reserves for the inhabitants of the three villages. This makes food available for the local population at any time of the year at affordable prices. The received money is used for restocking and purchasing from the new crop. Communities, through their representatives, can control food prices and distribution.

As part of the agricultural project, in the village of Yeu, the task of transferring women from home-craft gold mining to agriculture was resolved. For this purpose, an adult school was built where women could develop their skills in commercial farming. The Taparko mine partners with the Women's Mining Association (AFEMIB) and the French Embassy in Burkina Faso. Nordgold also allocated funds for a cattle vaccination site construction in Tangari.



Another small agribusiness development project involves the Tiben storage dam, which was built by Nordgold for providing the water supply to the Bissa and Bouly mines. The reservoir created here is a reliable water source for local communities throughout the year. Local people use the reservoir banks for growing vegetables. Before the dam was built, there was no water in the dry season here. In addition, as part of the relocation program, wells were drilled at Nordgold's expense, which provided the population with drinking water. The quality of this water is being assessed by company experts. With the support of Nordgold, 100 young people were trained in agricultural works and received all necessary equipment. 70% of locally grown vegetables go to the Nordgold mines. Thus, the reservoir and the Nordgold related programs are the engine of agricultural sustainable development at a local level.

In addition, dozens of water intake wells and "bouli" artificial reservoirs were built by the Nordgold mines for the benefit of local communities.\* In 2019, the Lefa mine financed the construction of six wells and the repair of three wells in Guinea. The Taparko mine also drilled two wells. One of them has pumping equipment powered by a solar panel.

Nordgold independently educates young people from local villages for working professions required at the mine. Every year local people receive trainings and certificates giving them the right to drive a dump truck. The Bissa and Bouly mines have already trained about 200 young men and women on how to operate mining equipment. All of them have received state-issued certificates that allow them to work not only with us, but also with other companies in the industry. About 1,400 people received professions that are in demand on the local labour market — a locksmith for repairing agricultural machinery, an electrician, a carpenter, etc.

Bissa-Bouly also helped local women master skills in weaving, organic soap production, and furnace lining, and provided training on farming and cattle breeding basics. In total, 147 people received micro-loans from 2016 through 2019, and 677 women passed training, including 183 in 2019. The total investment in this project, including the expenditure for equipment and materials, amounted to 236.5 thousand dollars. Two-thirds of the women are involved in production and continue to use their acquired skills. Thanks to the social project implemented by Nordgold, the women from the villages around the Bissa mine were able to earn additional income. In particular, the mine buys about 400 litres of liquid soap per month from them, ensuring strong demand and earnings for the women's cooperatives engaged in its production. Solid soap is bought by the people of the surrounding villages.



In West Africa, Nordgold is actively fighting desertification by planting trees. Reforestation has been carried out on more than 80 hectares around the Lefa mine in Guinea. At first, grasses were sown; later, trees were planted — acacia, nut-bearing torrey, etc. One hectare is reserved for a nursery garden, where fruit trees, particularly mangoes, and medicinal plants of practical use are grown. All the jobs here are occupied by local people. After the works completion at the Lefa mine, all these plantings in the reclaimed areas will serve as an income source for the local population.

In 2019, Nordgold planted more than 39 thousand plantlets near the territories of the African mines in total.

\* Bouli (in the Mosse language) means an artificial reservoir.

# RESETTLEMENT OF LOCAL PEOPLE

The construction of the Bouly mine in Burkina Faso required large-scale relocation of the people from the nearby villages to the new territory. When preparing the Resettlement Action Plan on the relocation of the local population from the project area. Developed in accordance with the Guidance Notes of the International Finance Corporation (IFC), OD 4.30 and OP 4.12 of the World Bank, the potentially affected territories and families were identified. A compensation and relocation process was agreed during public consultations with local communities in 2015.



## In the new villages we built:

about

**1,000**

new houses

**7**

schools, teachers' homes

**9**

religious buildings

**16**

new water intake wells

**4**

community centers

**2**

production rooms with equipment for traditional production

Local contractors were hired to build new housing and infrastructure, and it resulted in the temporary employment of hundreds of local workers. The construction works did not stop even during the 2016 rainy season. In accordance with the action plan, the settlers received more than a thousand new concrete houses of larger area and better quality. During the relocation process, Nordgold provided the population with vehicles for transporting their personal belongings and property.







**Thanks to the new water intake wells built by Nordgold as part of the relocation Action Plan, the local people received reliable access to water.**

**Most of the relocated villages had never had their own school buildings before, and their children had to walk several kilometers to the nearest school every day.**



In addition, the relocation process took into account the interests of various faiths: Muslims, Catholics, and Protestants, for whom religious buildings were built. Nordgold also paid the expenses of several representatives of the Muslim community for their pilgrimage to Mecca. Several public buildings were constructed.

As a common practice in Guinea, as soon as a mine is built, it would inevitably attract large numbers of local residents who come as close as possible to the site which becomes their main source of employment and food supply. The same way the Carrefour village appeared near the tailings storage facility after the construction of Lefa mine. In 2019, Nordgold proposed to relocate the Carrefour village. The house design and the list of social infrastructure to be built are now agreed with the affected residents, with the relocation expected to be completed in Q1 2021. There is also an evacuation plan in place.

**In 2019, the cost of the social infrastructure building in West Africa amounted to**

**941**

**thousand dollars**

In 2019 at the Taparko mine, the local people were relocated due to the planned expansion of the production site (the Tangarsi East project). Thirty-seven residential buildings were constructed and social infrastructure was provided. The Bissa mine resettled people of Gougre village and provided 281 residential buildings and social infrastructure.



**"Food banks" organised by the mines help to prevent the increase of prices for essential goods.**

# SUPPORT FOR EDUCATION AND HEALTH

The Sahel countries rank last in the world's Human Capital Index, which quantifies the contribution of health and education to the productivity of the next workers' generations. We consider quality education to be the most important driver of economic development. We believe that a good school education should be accessible to all children.

As part of our support to local communities and our employees' families, all our African assets contribute to the development of school education. We build new schools and repair the existing ones and help children from the nearby villages get ready for school. At the beginning of each school year, students receive special kits: textbooks, pens, and paper, as well as other school supplies.

In the reporting year, with the support of the Lefa mine, the primary school was renovated, two new classrooms and a house for teachers were built. Three thousand seven hundred students from 15 village schools received school supplies. About 80 teachers and six students received financial assistance. For the people resettled under the Tangarsi East project, a new school with three classrooms was built.

With support of Nordgold, a similar charity event "Help Children Prepare for School!" was held in the Okinsky and Muiky districts of Buryatia. Some 150 school pupils from large and low-income families received assistance in preparing for the new school year.

Due to Nordgold's support, representatives of the local population receive a quality education. Nordgold entered into a partnership agreement with the University of Ouagadougou in Burkina Faso. The Taparko mine funded the construction of the two public buildings for the local youth in the Yalgo municipality. In Guinea, Nordgold pays scholarships and tuition fees to technical colleges in the cities of Kankan and Siguiri for promising young people from the local communities. A program for training young people from Guinea and Burkina Faso in Russian mining higher education institutions is being developed.



In the town of Lero, near the Lefa mine in Guinea, we have built and fully equipped a free clinic for the local population. In addition, our employees and their family members receive free medicines at this clinic.

In October, the Taparko mine completed the reconstruction of an access road to the village medical center. The complete road reconstruction improved the accessibility and the safety for the center's patients.

The Suzdal mine in Kazakhstan renovated the "salt room" that it presented to the 'Children's Home' in Semey city 10 years ago. Spending time in this room strengthens the respiratory organs, promotes the treatment of respiratory diseases and prevents the development of complications.

# GRANT COMPETITIONS IN BURYATIA AND AMUR RIVER REGION

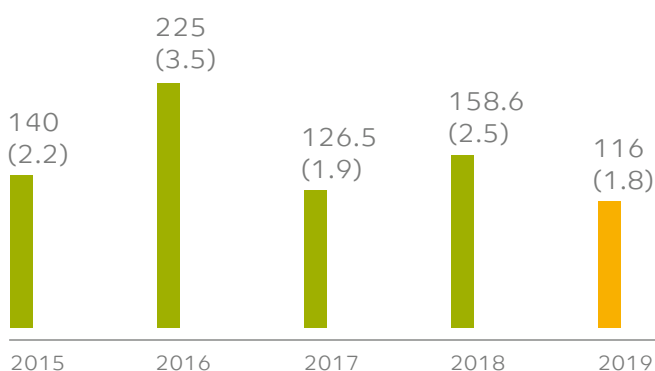
We support the initiatives of citizens and the organisations by solving socially significant problems in the territories of our presence.

The total amount of expenditure on social programs as part of Nordgold's corporate social responsibility was 116 million rubles (US\$ 1.8 million) in 2019 (in 2018 — 158.6 million). More than a half (52%) of this amount was spent on social infrastructure construction in the West African countries.

Over the past five years, Nordgold spent almost 766 million rubles (US\$ 11.8 million) on implementing social programs.

From 2015, Nordgold has been conducting the "Producing a Better Future" social projects competition in the Okinsky and Muisky districts of Buryatia. Non-profit organisations, local self-government bodies, mass media, educational and cultural institutions, and citizens' initiative groups can take part in the competition. The project operator is a local non-profit organisation, the "Firn" Club, which has extensive experience in the fields of social management and supporting public initiatives. The characteristic feature of the competition is the high percentage of volunteer activities in each project, and it allows us to achieve significant results with a relatively small amount of funding, actively involve local people, and attract the resources of the local communities themselves.

## Total expenditures on social programs, millions of rubles (US\$ million in brackets)



The experience of conducting grant competitions was so successful that it was taken as a basis by the Muisky district administration of the Republic of Buryatia for a similar project implementation. Supporting local organisations and initiative groups in the partnership with one of the gold miners' artels.

# 85

projects were implemented in Buryatia within 5 years

# 4.5

million rubles grant fund (US\$ 69.5 thousand)

# 1.8

million rubles were spent on "Buryatzoloto" social projects in 2019 (US\$ 27.8 thousand)

\* Excluding the cost of supporting social infrastructure in Irokinda.



## Actions Taken in 2019 in Buryatia with the Support of Nordgold as Part of Social Projects Competition

### Okinsky district



Inhabitants of Khuzhir set up a folk theater

- Inhabitants of the Orlik village with disabilities were given the opportunity to practice archery

- Okinsky social rehabilitation center purchased equipment for art therapy



Sorok school renovated the premises of the school museum on Soyot culture

- Okinsky library published the "Akha — Geser Territory" prospectus and the "Okinsk Storyteller — Sergey Anchikov" brochure

- Center "Syltys" organized children's summer holidays
- The cultural center of the Balakhta village received musical devices
- "Bars" children's center arranged children's training in sport climbing
- A gym was built in the Sorok ulus

### Muiskey district



"Medvezhonok" kindergarten set up a meteorological station on its site

- For the Muiskey district anniversary, the "Muiskey Zori" center published a map of the district's places of interest and improved the territory around its complex
- Folk craftsmen from Severomuisk received mobile pavilions for participating in fairs

- The "Sozvezdiye" Speech therapy center received equipment and manuals
- The "Raduga" Palace of Creativity staged performances based on Evenk fairy tales



Mui library received a game library with Buryat table-top games and secured a playground near its building



Inhabitants of Severomuisk restored monuments for the anniversary of the BAM (Baikal-Amur Mainline)

- The Irokinda library received musical equipment for its puppet theater
- For the 45th anniversary of Baikal-Amur Mainline (BAM), a special issue of the magazine "Severomuiskiye Ogni" was published

Since 2019, a similar competition has also been held in the Tyndinsky and Skovorodinsky districts of the Amur region. Twenty-three projects received financial support from the Berezitovy mine for a total of 1.2 million rubles (US\$ 18.5 thousand) (grant amounts — from 20 to 52 thousand rubles). The competition operator was "Civil Initiative", an Amur regional public organisation. Before submitting applications, the organisation's employees held training seminars for potential participants wishing to receive a grant. They also advised and supported the projects implementation, checked project and financial statements.



The projects are mainly aimed at education, medicine, landscaping, and assistance to the elderly. Five months were allocated for their completion. Thanks to the victory in the competition, a specialized session of the "Under the Flag of Good" Volunteers School took place in the "Berezka" tent camp for the schoolchildren from the Skovorodinsky district of the Amur region. In the village of Ust-Nyukzha, on the territory adjacent to the club building, a new playground appeared, and young tourists from the Tyndinsky district went on a two-week water trip along the Upper Angara River. The mine also allocated funds for publishing the scientific reports collection presented at the first scientific and practical conference "Anosov readings", named in honor of the geologist and researcher Nikolai Anosov, the founder of gold mining in the Amur River region. In the village of Chilchi in the Amur River region, a hero's memory alley was created. Recognition was also given to the project on publishing the book "Relay Race of the Feat", which tells about the inhabitants of Tynda and Tynda district, and the BAM builders who took part in the military conflicts. Berezitovy mine provided financial assistance to a number of veterans', children's and sports organisations from the region. The total amount spent on social and charitable programs was 3 million rubles (US\$ 46.3 thousand).



This program is evaluated by Nordgold as a successful one and will be continued. In the future, we plan to expand the social projects competition by covering municipalities near our Taborny and Gross mines in Yakutia.



The village of Ust-Urkima is located 200 km away from the Berezitovy mine in the Tyndinsky district of the Amur River region. Its inhabitants are the representatives of the small indigenous Evenkis people — they are engaged in traditional crafts: fishing, reindeer herding and hunting. The mine helps in organising traditional spring festivals "Hunter's and Reindeer Herder's Day". The winners of the reindeer sled race competitions receive prizes purchased with Nordgold's funds.



The Berezitovy mine project "Social Assault Force" was named the best project in the field of the "Silver Archer 2019 — Far East" corporate social responsibility award. Thanks to the project, children from remote areas of the Amur region received access to medical care. Doctors, psychologists, social workers, and specialists of the children's fund are all "assault force" members.





# SUPPORT FOR PROJECTS IN THE FIELD OF CULTURE



Supporting the traditions of the Buryat people, for many years, "Buryatzoloto" has been the official partner of the live broadcast of the "Tsedor-Lhamo" prayer service from the Ivolginsky Lamaist temple. Russian Buddhists meet with prayer the first day of the New Year according to the lunar calendar. During TV, radio and Internet broadcasts, sacred Buddhist mantras are heard live from the center of the Buddhist traditional Sangha of Russia.

Nordgold, in partnership with other companies of "Severgroup", supported the opening of an exhibition arranged by the oldest St. Petersburg society of avant-garde artists "Union of Youth" in the State Russian Museum. "Severgroup" and Nordgold also financed the opening of the exhibition "Andrey Tarkovsky. Artist of Space" and the "Russian Shawls and Wraps in XVIII-XXI Centuries" exhibition, located in the Benois wing of the Russian Museum. In 2018 and 2019, Nordgold supported a unique exposition of the Historical Museum called "Golden storeroom".

We respect the culture of the people on whose territory we operate. Therefore, it is important for us to support projects related to the preservation of national languages. With the support of "Buryatzoloto", the "ATV" television company created a program called "Poems in Buryat". Famous people from Buryatia participating in it read poems in the Buryat language. All the releases will be published on the official website of the ATV channel.



"Buryatzoloto" annually supports the "Voice of Nomads" international music festival. In 2019, 36 singers and music groups from Russia, Georgia, China, Mongolia, India, Kazakhstan, and South Korea performed at the festival, which lasted three days.



# PARTICIPATION OF LOCAL COMMUNITIES IN SOLVING ENVIRONMENTAL PROBLEMS

Thanks to the annual social projects competition held by the "Buryatzoloto" company, the inhabitants of the Ust-Mui village in the North of Buryatia used the grant funds for conducting an activism campaign dedicated to respect for the nature of their native land. Banners with calls to eliminate garbage, telling about the inadmissibility of fires, and of protecting animals were placed on the Muya River coastal zone, on school buildings and on shops. In addition, active village people held "Clean Muya River", "No Landfills and Garbage in the Village", "The Best Estate and Household Plot", "The Most Beautiful Street" campaigns. A year earlier, inhabitants of the Sayany village in the Okinsky district, at the expense of "Buryatzoloto", built a fence around the landfill located near the settlement. This solved the problem of free garbage distribution across the nearest territory, and restricted access for livestock. In addition, this garbage dump is located on the way to the most visited places of interest by the Oka mountain river: the faces of Green and White Tara, the "Sailag" waterfall.



"Buryatzoloto" and the inter-village Central library of Okinsky district summed up the results of the drawing contest among children aged 7 to 14 years of age, "Let's Save the Snow Leopard". It was held in order to educate young inhabitants of the region to respect nature and attract public attention to the problem of preserving these animals.

In April 2019, a two-month sanitary and environmental campaign aimed at cleaning and improving Semey city in Kazakhstan was launched. Within two months, companies cleaned the territories around their offices and adjacent areas. The Nordgold employees improved the territory around the city office of the Suzdal mine.









# Labour Safety

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# APPROACHES TO OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT

The health and safety of our employees, contractors, and the inhabitants of the regions where we operate are our top priority. We believe that no work should be performed if there is a threat to human safety. In all countries, we strive to exceed national requirements and constantly improve our performance in the areas of occupational health, industrial safety, and environmental protection.

In 2019, Nordgold updated its Occupational Health and Safety Policy.\*

Production efficiency is mainly ensured due to high standards in the field of occupational health and safety (OHS). We want to achieve leadership positions in this area among industry companies and strive to make industrial security an integral part of our corporate culture. This approach will help us eliminate any fatalities and minimise accidents related to OHS.

Support units involving qualified OHS specialists, as well as environmental specialists, operating at all business units. They mainly focus on providing assistance to production department heads in ensuring the safety and health of Nordgold's personnel, contractors, visitors, and local people, as well as ensuring equipment is safe and that we minimise our negative environmental footprint. In all the regions where we operate, it is important for us to be compliant with the provisions of national laws. If these requirements are less stringent than our internal standards, we apply our more stringent corporate requirements.

Joint committees on health and industrial safety work at all our African mines and, partially, at the Russian mines, holding their meetings with varying frequency. They serve as an effective mechanism in terms of OHS management and perform an important function in reducing injuries. At some mines, in addition to its management representatives, some workers also have become members of Committees which were created in 2019. The Committees monitor the progress of corrective actions, participate in the identification and management of industrial risks, discuss options for eliminating specific hazardous conditions, and make proposals for improving the level of industrial safety in the division as a whole. In 2020, this work will be continued, and the committees' activities will be unified throughout the Group.

On a weekly basis, the Directors of most mines hold their meetings on labour safety with site managers and foremen. They review the implementation of the main OHS initiatives, the incidents that occurred at the Nordgold mines, and the results of their investigations, receive orders on occupational health and safety, analyse the results of any safety behavioral audits and the production control system performance. As a rule, such meetings are attended by members of the labour protection committees. Quarterly

\* <https://www.nordgold.com/investors-and-media/corporate-governance/charter/Nordgold%20Safety%20Policy%202019%20ENG.pdf>

meetings between directors of the business units and employees traditionally begin with a discussion on labour protection issues. The OHS issues are also reviewed monthly at the Management Board meeting, which includes all Nordgold functional directors.

On a quarterly basis, the situation related to the labour protection, industrial safety, and environmental protection (OHSE) is discussed by Safety and Sustainable Development Committee under the Board of Directors. This Committee consists of four members of the Board of Directors, including the Chairman of the Board. The meetings are also attended by Nordgold's CEO and the OHSE Director, who prepares materials for the meetings. The Committee also monitors the performance in relation to the indicators used by Nordgold to assess its contribution to sustainable development. In 2019, the Committee discussed such issues as the program for reducing injuries, increasing production managers' involvement in OHSE, ensuring proactive indicators use for goal setting in the OHS field, and others.

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In order to reduce the number of fatal accidents and improve the work safety at the mines, we have formulated 10 fundamental rules in the field of industrial safety, which are called the "Golden Safety Rules of Nordgold".\*

These requirements are mandatory not only for all Nordgold employees, but also for its contractors, service providers, as well as any visitors of the business units. Getting acquainted with the "Golden Rules" requirements is mandatory for employment in the company.

In 2019, we started developing a risk management process for OHS to ensure that risks are properly assessed and managed, risk registers are regularly reviewed by their owners at various levels, and potential hazards are identified and addressed in a timely manner.

Every year, we conduct a corporate audit on HSSE at our mines to check compliance with state and corporate requirements. This corporate audit is aimed not only at checking documentation availability and its compliance with the existing requirements, but also at testing workers and managers at different levels on their corporate knowledge and understanding. It also requires monitoring the performance of production operations by employees directly in the workplace. In addition, external audits of the HSSE management system are conducted at least once every three years, allowing us to assess the individual elements of management system development and the level of compliance with international standards, in particular ISO 45001. The audit results are analysed to identify the best practices, which are then implemented at all of the Nordgold mines.

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In the first quarter of 2019, the audits were conducted at three of the Nordgold African mines.

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\* [https://www.nordgold.com/upload/files/!!!NG\\_Safety\\_Rules\\_en\\_r2.pdf](https://www.nordgold.com/upload/files/!!!NG_Safety_Rules_en_r2.pdf)

# ENSURING SAFE PRODUCTION

In order to ensure production safety, we implement effective training programs for employees on occupational health and safety, provide them with personal protective equipment and operating instructions, and monitor their compliance with safety requirements and procedures.

Our goal is to achieve zero injuries at all our assets.

We strive to change the behavior culture in terms of safety for all Nordgold employees in order to reduce the number of accidents, thus reducing the Lost Time Injury Frequency, and completely eliminating any fatal accidents. To achieve these goals, we:

- create safe working conditions;
- implement standardised production operations;
- teach our employees safe behavior skills;
- get all the employees involved in ensuring occupational safety, including risk management.

To create optimal working conditions, we conduct audits on production operations safety. The most dangerous processes are divided into separate operations, which are assessed according to the schedule by working groups consisting of managers, line managers and experienced workers. Any employee can leave a suggestion or describe a problem at the problem-solving desks installed in the workshops and on the sites. All received proposals are entered into an electronic database ("Bank of Ideas"), and the best of them are subsequently implemented.





Nordgold applies systematic reporting, which ensures the immediate informing of the appropriate management about any incidents, depending on the severity of their consequences. Every accident, including a microtrauma or technical incident, is carefully reviewed to determine its root cause. The direct causes often include insufficient supervision by managers, employee error, or their failure to comply with OHS requirements, failure to use personal protective equipment, etc. At the same time, Nordgold is primarily interested in detecting system causes, the elimination of which would allow us to say that we have done our best to prevent similar cases from recurring.

When analysing an accident, a detailed timeline of the incident is created, a detailed analysis of the main factors that led to the accident is carried out, and a corrective action plan is drawn up, indicating the responsible persons and deadlines for the implementation. Some of these measures can be extended to all Group assets.

If a dangerous employee action is detected, any manager, including top managers, conducts a behavioral security audit and talks with the employee to understand the causes of the dangerous situation. In some cases, disciplinary action may be taken.

We conduct training sessions with all new employees and teach them how to work safely. Unscheduled training sessions are held for employees who come to work after their rotational leave. During these "vacation training sessions", employees are reminded of Nordgold's OHS policy, the main sources of injuries and accidents, and the main measures for controlling any critical risks. Often this training is initiated by any of the managers from the business unit. Risk assessment maps are placed in the most accessible places for employees: in the operator's rooms, rest rooms, etc., which present the main hazards and standard procedures describing the safe performance of particular operations, in an illustrated form.

To create a culture of safe work for employees, before the start of each shift, managers of business units conduct five-minute safety sessions with all the employees who take over the shift. Topics for them are selected taking into account the situation at the mine, and are changed regularly. These five-minute sessions are held in the format of an informal discussion. In addition, in order to create a culture of safe behavior, the Lost Time Injury Frequency Rate (LTIFR) is considered in the Nordgold employee bonus system.

## RESULTS OF WORK

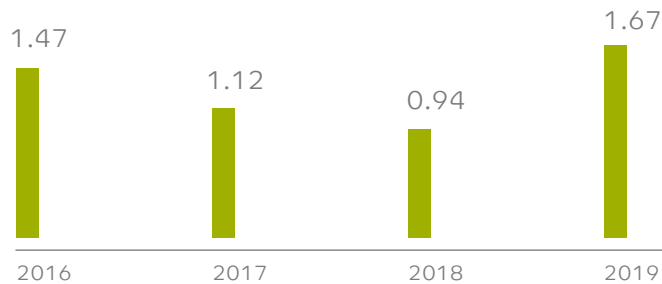
We continue to work on implementing improved and more effective health and safety systems and programs. The Lost Time Injury Frequency Rate, which reflects the number of accidents per million working hours (LTIFR), has been steadily decreasing over the years. Despite registering an increase in the total in 2019 compared to the previous period (1.67 in 2019 compared to 0.94 in 2018), Nordgold has experienced a steady downward trend for this indicator over the past ten years.

At the same time, the indicator of the recordable injuries frequency (TRIFR), which, in addition to fatalities and disability cases, also takes cases of medical care and transfers to light work into account, did not change significantly in 2019 compared to 2018 (4.75 and 4.59, respectively).

In 2019, the LTIFR indicator also increased slightly for contracting companies performing work at Nordgold mines (0.98 compared to 0.86 in 2018). At the same time, the contractors' TRIFR decreased from 3.44 in 2018 to 3.13 in the reporting year.

Over the past two years, most injuries (about 70%) were caused by mechanical injuries, while another 15% were injuries related to the technological and auxiliary transport operation. The vast majority of the operations, during which injuries were recorded, do not relate to high-risk work. Most often, drivers of mining and auxiliary equipment, as well as tunnelers and electricians, get injured, and this often occurs during auxiliary operations.

### Lost Time Injury Frequency Rate



### Injuries in 2019 by mines

	Lost Time Injury Frequency Rate (LTIFR)	Number of Lost Time Injuries (LTI)	Severity Ratio (LTI/LTD)
<b>Lefa</b>	0	0	0
<b>Bissa/Bouly</b>	0.78	2	22
<b>Taparko</b>	0.73	1	—
<b>Taborny/Gross</b>	2.12	7	13
<b>Irokinda</b>	4.74	7	32
<b>Zun-Holba</b>	3.73	4	28
<b>Berezitovy</b>	1.16	2	167
<b>Suzdal</b>	2.15	4	85
<b>Total for Nordgold</b>	1.67	27	46

\* Excluding days that passed from 2019 to 2020, if the disability did not end on 31 December 2019.

Unfortunately, in 2019, five fatal work accidents occurred at Nordgold mines. Three employees died (at the Taparko mine in the first quarter of 2019, at the Irokinda mine and Gross mine in the fourth quarter of 2019), as well as two contractors' employees (at the Taparko mine in the first quarter of 2019 and at the Bissa mine in the fourth quarter of 2019). Those incidents were thoroughly investigated, and the necessary measures were taken at all the Group's mines to prevent their recurrence.

# HEALTH OF EMPLOYEES

One of the specific tasks at our African mines is the prevention and treatment of malaria. This life-threatening disease is transmitted to humans as a result of bites from infected female Anopheles mosquitoes. According to WHO, in 2017, 92% of malaria cases and 93% of malaria deaths occurred in the African region. The risk of malaria infection is present in Guinea and Burkina Faso. It increases during the rainy season, as well as after its end. The peak incidence occurs from August to November, and then, the number of complaints goes down.

The disease is preventable and treatable. In order to minimise the impact on their employees and the local population, Nordgold mines provide affected population groups with free access to health clinics. Insecticides are applied to the workplaces and the residential premises, and special agents are sprayed in areas of standing domestic and industrial water. Repellents and mosquito nets are distributed among employees, training sessions are held for them to discuss disease related risks and malaria prevention measures, and medical and informational materials are distributed. The measures taken have resulted in a 41% reduction in the number of cases in 2019 compared to 2018 (2,819 cases compared to 4,798 cases a year earlier).

The Taparko mine runs a vaccination campaign for all the employees against meningococcal infection and hepatitis, HIV/AIDS tests, and an annual medical check-up.



The area of the Amur region where the Berezitovy mine is located is considered a risk zone in terms of tick-borne encephalitis. Nordgold maintains strict control over personnel vaccination — each employee is required to be vaccinated against encephalitis. Those who have not been vaccinated are not allowed to work. Acaricide treatment of forest areas around the rotation camp is also carried out. Employees working in the forest or close to it, energy service employees, geologists, and road workers receive their anti-encephalitis suits. In the summer of 2019, 940 people were vaccinated against encephalitis. In addition, once a year, a mobile doctor team from Tynda hospital comes to the mine and each employee undergoes a mandatory free medical examination. In 2019, 760 employees passed medical examinations at the Berezitovy mine. After passing an in-depth medical examination, following recommendations, and treatment, most people are allowed to work and continue to work at the mine.

In total, more than 7,000 of Nordgold employees (88%) underwent periodic medical examinations in 2019.









# Environment



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As an industrial group of companies, Nordgold is aware of its footprint on the environment and local biodiversity. Nordgold strives to continually improve its production processes to minimise this negative impact.

### Our environmental priorities include:

- compliance with requirements of the environmental legislation;
- identification, assessment and minimisation of significant environmental risks;
- defining clear environmental goals aimed at improving performance;
- implementation, enforcement and regular testing of liquidation plans in emergency situations;
- implementation of management systems at all Nordgold mines and ensuring their compliance with international standards;
- ensuring compliance with the basic requirements of international standards for the use of cyanide, ozone depleting and other dangerous substances.

## RATIONAL NATURE MANAGEMENT

Nordgold has an integrated occupational health, safety, and an Environmental Management System based on ISO14001 and OHSAS18000 (EMS) standards. EMS is a key component of the Nordgold business system, which involves analysing the current state, defining goals and allocating resources for implementing set tasks in the field of environmental protection. EMS is implemented at all of the Group's business units and provides a consistent and holistic approach to environmental safety management in all business units.

Nordgold does not certify EMS according to these standards, but its procedures and principles are based on them and on the ISO 19 000 framework standard for auditing management systems. Once a year, Nordgold conducts an internal ranking audit of its mines in the Health, Safety and Environmental field. The audit results are considered in the business managers' KPI's.

Nordgold's environmental policy is a public document which is based on the implementation of the best available technologies; it describes the general principles which guide the business units' operational activities through specific measures.

The responsibility for planning and implementing environmental measures is distributed among environmental specialists at the mines, heads of divisions and business units, and managers of Nordgold Management LLC. (Information on the Environmental Management System is provided in the "Labour Safety" section.)

\* [http://nordgold.com/upload/files/Environmental%20Policy\\_en.pdf](http://nordgold.com/upload/files/Environmental%20Policy_en.pdf)



All visitors and employees go through mandatory instruction, including on the rules of conduct at the mine, based on Nordgold's environmental policy and the legislation of the country of location (Russia, Guinea, Burkina Faso).

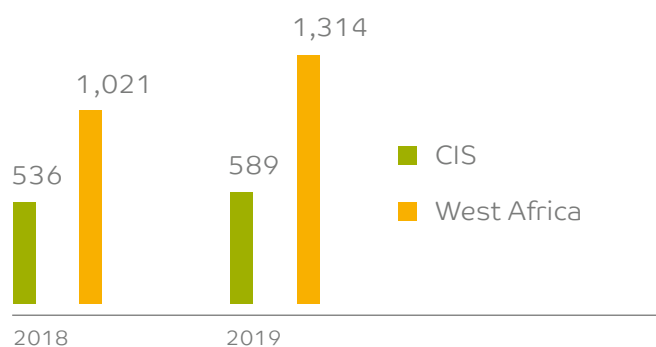
The provisions on mandatory compliance with the country's environmental legislation are included in all contracts with contractors performing work or providing services at Nordgold's production sites. They are also fully responsible for the proper disposal of waste generated during such operations. It is the responsibility of Nordgold ecologists and heads of subdivisions (services) where the contractors do their work to monitor the contractors' compliance with their environmental obligations. If any violations are detected as part of environmental monitoring, they send appropriate instructions to their contractors.

In addition, all employees pass supplementary training with the topics selected by the manager responsible for environmental issues. The main topics for Africa include fire prevention, flora restoration, as well as the protection and conservation of fauna.

## EXPENSES FOR ENVIRONMENTAL PROTECTION

Environmental protection expenses include the costs of maintaining the facilities to ensure environmental safety, monitoring of environmental components, designing engineering and permission documentation, waste management, conservation of biological diversity, etc.

### Expenses on activities related to environment protection, thousands of US dollars



The legislation of the countries where Nordgold operates requires payment for a negative environmental footprint and various penalties apply for violating environmental regulations: exceeding the maximum permissible concentrations of harmful substances, maximum permissible emissions and discharges, excessive waste disposal, etc. In the reporting year, these payments did not make up a significant amount.

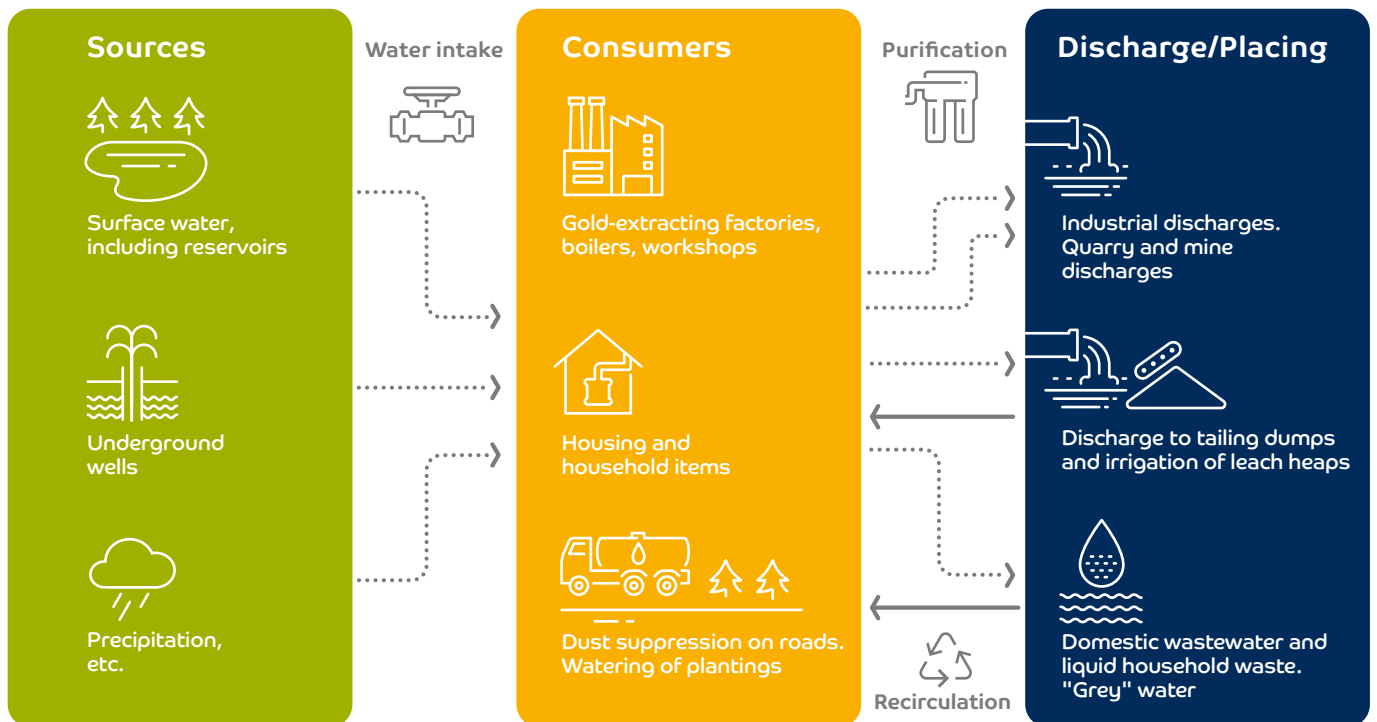
# RESPONSIBLE WATER USE

Water is a vital natural resource that is used in technological and auxiliary processes. Water is used for rock drilling, ore processing and dust suppression. Its use is carefully monitored in all operations. The main sources of water intake for the Group mines are underground wells, as well as surface water, including reservoirs.

Nordgold controls natural water intake volumes, purified effluent wastes and minimises the impact on freshwater ecosystems through arranging the process of water recycling at the business units. Water intake from the Tiban reservoir built by Nordgold to supply the Bissa and Bouly mines, and the Yalgo reservoir operated by Taparko, has a significant impact on agricultural activities. The water use regime during the dry period in these territories is subject to negotiations with local communities.

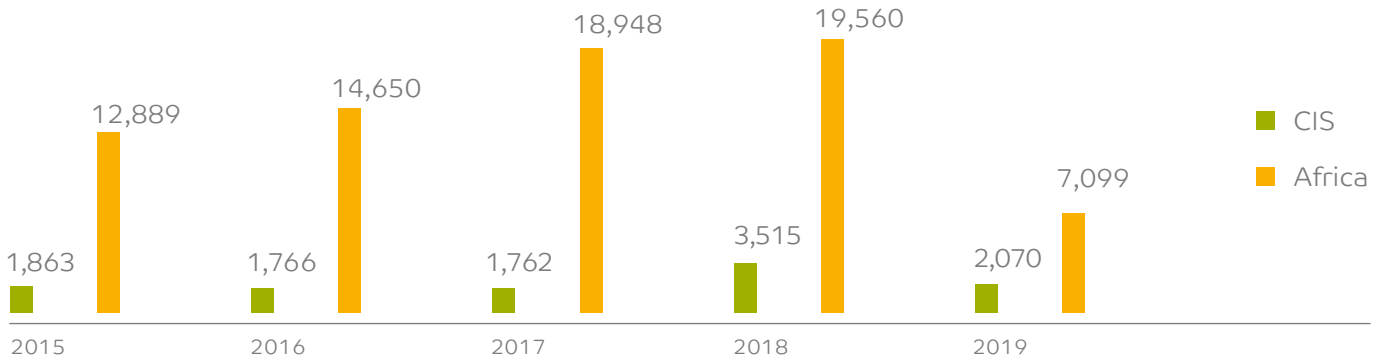
When developing new projects, water availability is analysed in terms of access and rational use at various sites, taking into account environmental protection.

## Schematic diagram of water resources use by mine



Despite the fundamental similarity of the technological schemes for water use, the volume of water consumed by the African mines is significantly higher due to its use on dust suppression in dry periods and significant water evaporation in the hot arid climate of the tropical savanna. In addition, water is used for watering crops which are planted during revegetation projects. It should be noted that Nordgold does not use dredging, or placer mining using industrial devices and hydraulic monitors, which are a source of pollution for coastal territories and river waters.

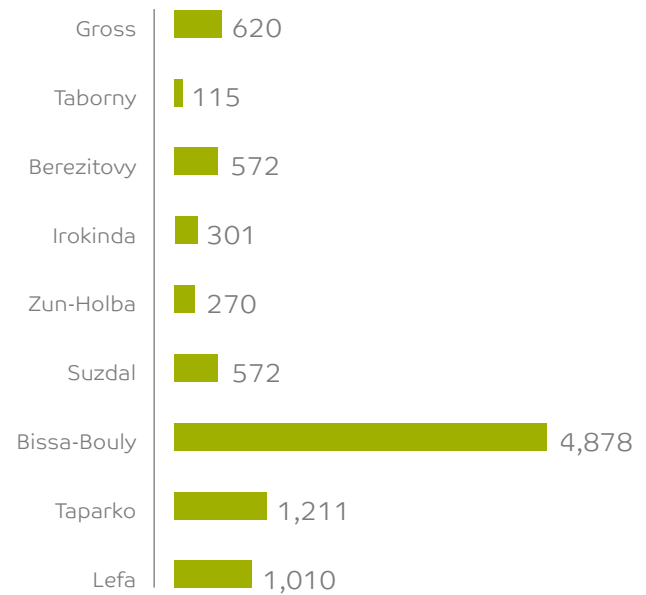
### Water consumption for production process needs, thousand cubic meters



In 2019, water consumption by Group assets significantly decreased compared to the previous period due to an increase in the use of recycled water, and amounted to more than 2 million cubic meters for the mines in Russia and Kazakhstan, and more than 7 million cubic meters for the African assets.

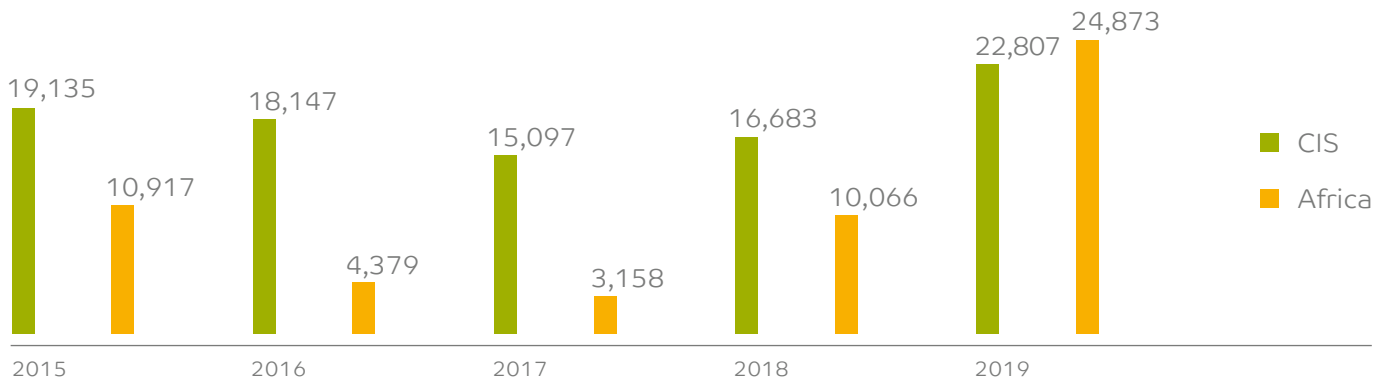
All Nordgold mines use recycled water that circulates repeatedly in a closed system. Its application in the technological processes allows us to reduce the withdrawal volumes of natural water, preventing its pollution and reducing the consumption of chemical reagents. This approach helps to ensure compliance with the constantly increasing requirements of environmental legislation in relation to water use, especially in arid and tropical regions. All treated water is discharged into reservoirs or stored in tailing dumps. The share of reusable and reused water for business units in the CIS countries was 92%, while for business units in African countries — 78 %.

### Total volume of water collected by mines, thousand cubic meters\*



\* The total surface water, underground water, quarry/mine water, collected precipitation, and municipal water supply systems are indicated.

### Use of circulating water in recycling systems, thousand cubic meters

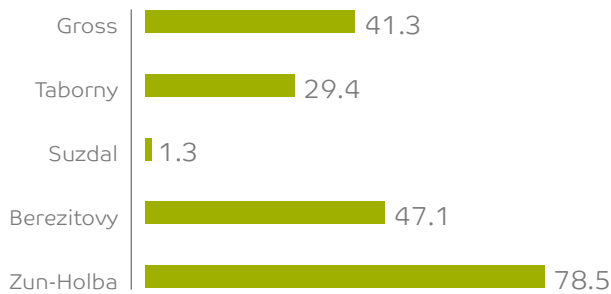




The residual cyanide content in wastewater/sludge is monitored by daily sampling. The territories adjacent to the tailing dumps are constantly monitored. For example, at the Lefa mine in Guinea, the cyanide concentration does not exceed 0.017 g/t, which is significantly lower than the threshold for this substance permitted in accordance with EU standards for industrial wastewater discharged into the environment. The monitoring results are regularly reviewed by competent state authorities in Guinea.

At the Suzdal mine in Kazakhstan, ASTER™ technology has been successfully applied as a comprehensive measure to ensure the use of rational water resources through the recycled solutions. It is based on using a number of aerobic bacteria for cleaning the process solutions containing cyanide and thiocyanate; therefore, the purified water can be used in the recycling system. The use of bacteria for man-made waste bio-treatment minimises the risk of contaminated waste penetrating into the ground and underground water.

**Total water disposal by CIS mines, thousand cubic meters\***



\* Excluding the Irokinda mine, where household waste is not discharged to water bodies, but is transported to a landfill for liquid household waste.

The volume of domestic wastewater disposal at the Group assets in the CIS is about 240–270 thousand cubic meters per year. Local treatment facilities have been organised for that. The volume of quarry and mine water is 1,000–1,250 thousand cubic meters. Observation wells are used to assess the potential impact of the production facilities on the groundwater.

Within a year, the mines in Africa generate, in total, about 110 thousand cubic meters of domestic wastewater. It is not possible to accurately record the quarry water volume that is generated during the wet season at the African mines.



# WASTE MANAGEMENT

The Nordgold environmental management system considers effective waste management as the most important factor of its impact on the environment. Gold deposits mining, as a rule, is accompanied by natural landscape erosion resulting from the movements of the overburden rocks that are stored in the dumps. At the subsequent ore processing stages, washery refuse (tailings) is formed for the storage of which the land resources zones are also withdrawn.

There were no leakages from the tailings storage facility (TSF) at the Group`s mines over the past two years. The TSF condition and the quality of underground waters are monitored by the mine`s HSE teams on a regular basis. All tailings storage facilities (TSFs) are inspected daily by designated employees onsite with their observations recorded daily in the TSF logbook. Additionally, once a year the TSFs are surveyed by an external contractor producing a report containing their findings and recommendations.

In 2019, the total volume of class I-IV waste in circulation, including the waste amount at the beginning of the year, the amount of waste generated during the year, as well as that received from other mines, amounted to 1,153 thousand tons (1,415 thousand tons in 2018). The volume of disposed and neutralized waste (class I-IV), including the waste disposed and neutralized by third parties, is 354.75 thousand tons (339,313 tons in 2018).

Nordgold's most significant waste category in terms of volume is waste of rocks. These include mined, overburden and empty rocks, as well as ore waste after gold extraction.

The Suzdal mine has a cyanidation tailings hot pot. This is the second company in the world that has established a unique innovative technology for extracting gold from man-made mining waste.

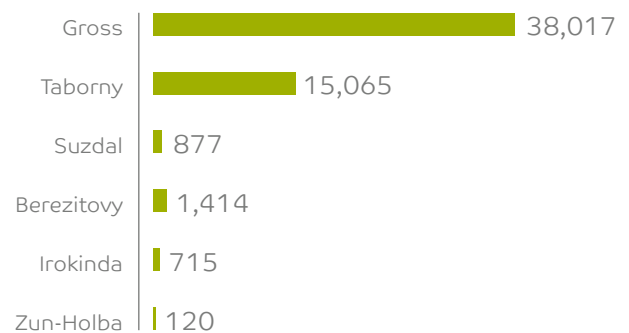
Such waste as used mercury vapor lamps, scrap metal, rubber technical products, and used batteries are subject to transfer for secondary use, or are used like oil wastes directly at the business unit.

Useful components are partially extracted from municipal waste, but the bulk of them is mainly subject to ground disposal at specially equipped sites. In Africa, in 2018, an investment project dedicated to thermal waste disposal using an incinerator equipped with a combustion chamber for waste gases was implemented.

In 2019, the Bissa mine in Burkina Faso was the first to stop providing its employees with drinking water in single-use plastic bottles, switching to reusable containers. This measure lowered the mine`s plastic waste per year by 12 tons, or 360 thousand disposable bottles. Nordgold monitors water quality around the clock, ensuring the employees' access to safe drinking water.

At all the Nordgold mines mercury lamps are replaced with modern energy-saving lamps, thus reducing Hazard Class I waste amounts.

## Waste generation in 2019, thousand tons



Nordgold Moscow office supports and develops green office initiatives — paper collection containers are installed in printers, plastic collection containers are located at coffee points, and places for collecting batteries and plastic lids are identified.

## Amount of waste, thousand tons

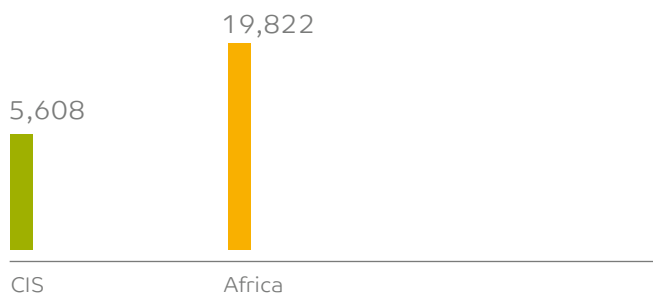
	Amount of waste generated	Volume of non-recyclable waste (excluding rocks)	Volume of recycled (or disposed of) waste
<b>Suzdal</b>	4.29	3.92	0.37
<b>Berezitovy</b>	0.14	0.07	0.07
<b>Irokinda</b>	362.74	362.41	0.33
<b>Zun-Holba</b>	52.75	52.49	0.26
<b>Gross</b>	51.55	51.30	0.31
<b>Taborny</b>	0.39	0.19	0.13
<b>Taparko</b>	0.94	0.10	0.78
<b>Bissa-Bouly</b>	0.26	0.07	0.20
<b>Lefa</b>	1.87	1.87	0.00
<b>Total:</b>	474.94	472.41	2.44

# LAND RESOURCES AND BIODIVERSITY

In order to minimise the impact on local biodiversity, Nordgold strives to optimize land resources use, ensures landscapes protection, and uses local soil for mined-land reclamation. Nordgold also creates conditions for the complex restoration of natural vegetation that corresponds to regional zonal and altitudinal conditions.



## Total area of leased land in 2019, ha



## Area of leased land in 2019, ha

Mine	Area
<b>Gross</b>	1,499
<b>Taborny</b>	1,335
<b>Berezitovy</b>	1,145
<b>Irokinda</b>	365
<b>Zun-Holba</b>	498
<b>Suzdal</b>	765
<b>Bissa-Bouly</b>	17,071
<b>Taparko</b>	478
<b>Lefa</b>	2,273



At the stages of deposit prospecting, exploration, exploitation and closure, environmental justification for the business activity, analysis of the environment components' background and factual state, the environmental monitoring, and impact assessment are consistently carried out. The pre-project stage includes an assessment of the potential impact on the natural landscape, flora, and fauna in the territory, as well as the social and environmental aspects (environment impact assessment/EIA).

Nordgold contributes to preserving biodiversity and participates in environmental projects, and works at restoring various populations of species, whose habitat was disrupted due to the negative impact of the production processes.

Nordgold supported the World Wildlife Fund (WWF Russia) project, "The Oriental White Stork — the Winged Symbol of Amur". The Fund notes positive dynamics in terms of the oriental white stork's population growth and range expansion. This bird species serves as a status indicator for the intact natural wetland ecosystems, which are subject to independent protection throughout the world. Based on data obtained under the project, a set of conservation measures will be developed to protect the species and its habitats on the range's Northern border.

Since 2017, the Irkutsk "Snow Leopard" Foundation has been studying the snow leopard (unce) population — a rare mammal from the cat family that lives in hard-to-reach mountain ranges. This species is listed as endangered in the Red Book of the Russian Federation. Currently, there are only about four thousand individual snow leopards, including about 200 living in Russia, mostly on the Eastern Sayan territory, in the Okinsky district of Buryatia.

As part of the snow leopard study, the population size, habitat, and feeding objects are determined. Due to a special grant from Nordgold, the Foundation conducted an examination on the Munku Sardyk mountain territory, the Western part of the Tunkinski Goltsy range, and the North-Western part of the Kitoi Goltsy range. Photo traps were installed in the places where snow leopards were likely to appear. In 2018, six snow leopards were recorded in the examined territory, including three males, a mature female, and two kittens. In 2019, the Fund researchers found the leopards presence in a new location — the Zhakhoy gorge.



On the territory of the Russian Federation, Nordgold compensates for its impact on aquatic biological resources by releasing juvenile fish. As part of measures for preserving and restoring water ecosystems in the Republic of Sakha (Yakutia), the Taborny and Gross mines release pelyad juvenile fish to the Vilyuiskoe reservoir every year. In 2019, about 500 thousand juvenile fish were released into the reservoir. Investments in this environmental project amounted to almost 1 million rubles (US\$ 15.4 thousand).



In Africa, Nordgold business units actively fight desertification, plant native trees and shrubs every year to restore the original condition of the damaged areas (see the "Promoting Agriculture and Employment of Indigenous People in West Africa" section for more information).

In French Guiana, as part of the environmental and social impact assessment for our "Montagne d'Or" project, we conducted extensive biodiversity studies. As a result of this work, we have unique information about the ecosystem of this Guiana region where we plan to build a mine, and such information is not available to any environmental organisations or public authorities in the country.

Nordgold does not operate on the world's natural heritage sites, wetlands of international significance, or specially protected natural territories of federal, regional, or local significance for the Russian Federation. In case environmental damage occurs, the Group provides compensation in accordance with the procedure established by law, and Nordgold makes timely payments.

## USE OF DANGEROUS SUBSTANCES

Dangerous substances used by Nordgold include flammable, explosive substances, oxidizing and corrosive materials, as well as toxic substances. These include fuels and lubricants, explosives, and reagents.

When managing hazardous substances, Nordgold uses established norms and rules related to labour protection, industrial, and environmental safety. The use of any substances included in the persistent organic pollutants list approved by the Stockholm Convention is not accepted within the Group.

In the course of processing ore containing gold, cyanide compounds are used all over the world, which are toxic if available in large quantities. Cyanide is the safest alternative to many technologies, among which mercury is the most dangerous persistent pollutant that accumulates in ecosystems. Responsible companies have not used mercury for several decades. Cyanide is used at all the Group assets, except for the Irokinda mine. They are contained in the technological solutions' composition and in tailing dumps. Cyanide is toxic in large quantities. When handling cyanide, the main risk is associated with the transportation process. To reduce this risk, the Group business units only transport cyanide in solid form, in the original factory packaging, which provides a higher safety level. Then the cyanide is dissolved and used in the recycling system. This mode not only prevents the penetration of these substances into the environment, but also allows us to minimise the quantity to be purchased. In this case, the residual compounds from the previous cycle, after strengthening the solutions to the required concentrations, are transferred to the next cycle.

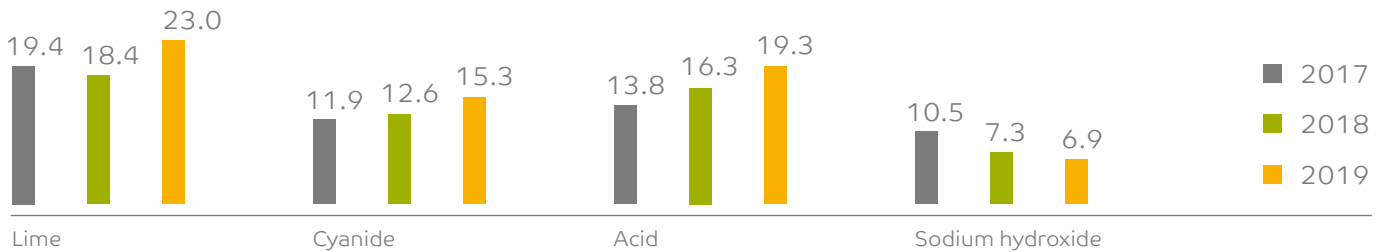
Cyanide penetration into adjacent water bodies can lead to changes in their biocenosis. There is also a potential risk of poisoning people, so only highly-qualified personnel are allowed to work with cyanide in the mines.

Handling cyanide is strictly controlled by the relevant authorities and regulated by voluntary industry agreements. As part of our general approach to the protection of the environment, we seek to align our cyanide management practices with the requirements of the International Cyanide Management Code, developed by a multilateral steering committee led by the United Nations environmental program and the International Council on Metals and the Environment\*. Specifically, we have in place a hazardous substances and materials handling policy covering the identification, labelling and management of risk associated with operations with such substances, including cyanide. To determine the degree of compliance with the Code's requirements, a self-assessment procedure is applied at the mines. As part of the annual rating audit, all the business units are monitored for their compliance with the Group's internal regulations.

In 2019, a 22% average increase in reagent consumption was caused by an increase in the production volumes resulting from a new project commissioning — the Gross mine. At the same time, at the Suzdal mine, due to the changes in the technological scheme, caustic soda consumption was reduced by three times (888 tons in 2019 and 3,465 tons a year earlier), which affected this indicator's dynamics in the reporting year for the whole Group.

\* International Cyanide Management Code®.

## Total reagent consumption, thousand tons



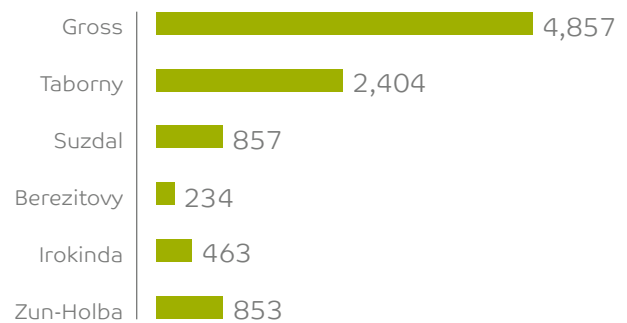
# EMISSIONS INTO THE AIR

Mining ore containing gold affects the state of the atmospheric air. Dust is one of the most significant emissions from Nordgold's operations. The main source of dust is the processes of ore mining, crushing, storage, and transportation. Particularly high dust levels are observed at the African mines during the dry season.

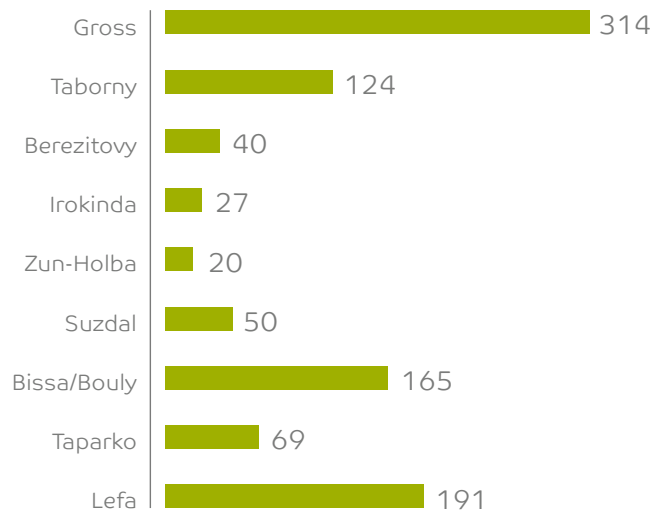
Other sources of the atmospheric air pollution also include emissions from thermal power plants and boilers, equipment operation at the gold-extracting factories, mining, and motor vehicles operation. Nordgold measures and controls the emission of pollutants in accordance with relevant environmental legislation. The Group minimises the impact on atmospheric air by using road irrigation, dust suppression systems in its ore grinding equipment, and gas cleaning systems.

The main direct greenhouse gas emissions are generated from electricity production at power plants and boilers that use carbon fuels, as well as from the operation of vehicles and mining equipment. The mines execute quarterly and annual reporting on greenhouse gas emissions. In 2019, a new method for calculating emissions based on accounting for consumed hydrocarbon fuel was approved.\* Therefore, in this report, it was decided not to compare emissions dynamics to the previous period. The total amount of greenhouse gas emissions in 2019 for all the business units amounted to 1,000 thousand tons of CO<sub>2</sub>-eq. The increase in emissions is usually associated with the launch of new production sites at the mine and the increase in the volume of removing overburden.

## Total air emissions in 2019, tons



## Direct greenhouse gas emissions in 2019, thousand tons of CO<sub>2</sub>-eq.



\* The calculations on greenhouse gas emissions, including greenhouse gases resulting from fuel combustion by vehicles, was performed in accordance with the Order of the Ministry of Natural Resources of the Russian Federation dated 30.06.2015 No. 300, GOST R 57262-2016 and the IPCC Guidelines (Intergovernmental Panel on Climate Change).



The implementation of best operating practices contributes to reducing emissions and the overall environmental impact.

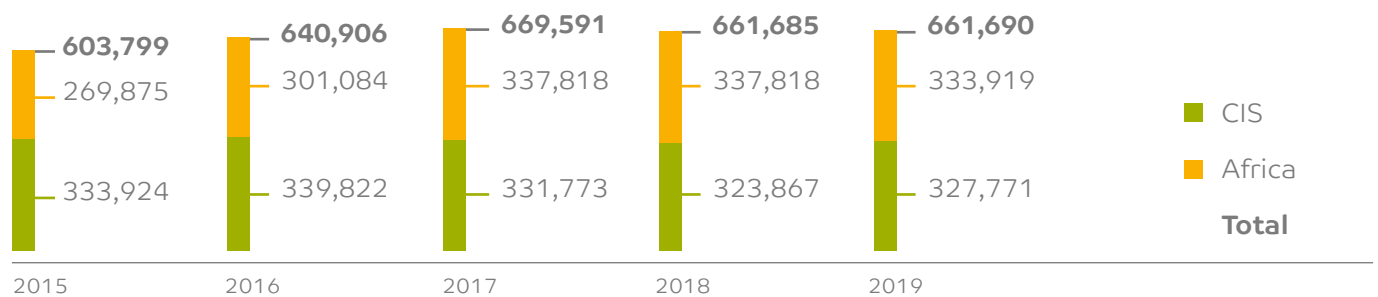
Measure	Environmental Effect
Researching the project of construction of a solar power plant at the Bissa mine	Reduction in the annual fuel consumption by 6.4 million liters and CO <sub>2</sub> emissions by 18 thousand tons
Implementation of the OMNICOMM fuel and lubricant materials consumption monitoring system and the WENCO mining equipment dispatching system	Reduction in fuel consumption by 1% and time-lines for the mining equipment run between repairs, improvement of work safety

The company also considers the tree planting in the Western Africa countries as a tool enabling it to compensate for the emissions, which allows it to reduce its carbon footprint and continue moving towards carbon neutrality.

# RATIONAL USE OF ENERGY

Gold mining and processing are associated with significant electricity consumption. Having a responsible attitude to energy consumption at the Nordgold mines is one of the important aspects of environmental protection. Nordgold is constantly working at saving energy and improving the performance of its own power plants. In 2019, at the Group business units, energy consumption remained at the level of the previous year.

## Total energy consumption, MWh

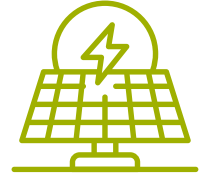


In respect of energy consumption at the Russian assets and the mine in Kazakhstan, the main share (94%) is taken by electricity obtained from external suppliers. These business units are connected to national electricity networks and buy electricity from the wholesale electricity market. The exception is the Gross and Taborny mines in Yakutia, where coal, diesel fuel, and fuel oil, which are purchased on the commodity exchange, are used for electricity production. Here, the newly built 16 MW coal-fired thermal power station generates heat and electricity for production needs and heat supply. In 2019, the commissioning work continued on the station's main and auxiliary equipment.

While the business units located in the CIS have a share of their own generation that does not exceed 6%, there is almost no electricity supply from external suppliers at the African mines, and all the electricity is produced at their own diesel power plants. In order to meet their own electricity needs, the Bissa-Bouly, Taparko and Lefa mines purchase diesel fuel and fuel oil from specialized suppliers. Considering this region's climatic features, the assets in West Africa do not use heat generation and central heating, but alternative energy is actively developing.

Nordgold is considering the project of construction a 13 MW solar power plant, as well as solar storage systems for electricity storage at the Bissa and Bouly mines in Burkina Faso. The power plant could provide 20% of renewable energy out of the total energy consumption at the mines.

In the North-West of French Guiana, the Nordgold new Montagne d'Or project also provides for solar energy generation.



## Electricity production and consumption, MWh

Region	2015	2016	2017	2018	2019
<b>Electricity consumption</b>					
CIS	333,924	339,822	331,773	323,867	327,771
Africa	269,875	301,084	337,818	337,818*	333,919
Total	603,799	640,906	669,591	661,685	661,690
<b>Own power generation</b>					
CIS	15,325	15,868	17,911	18,986	19,040
Africa	268,769	301,084	337,818	284,443	300,769
Total	284,094	316,952	355,729	303,429	319,809
<b>Power supply from external suppliers</b>					
CIS	318,599	323,954	313,862	323,867	308,769
Africa	1,106	—	—	—	—
Total	319,705	323,954	313,862	323,867	308,769
<b>Heat generation</b>					
CIS	100,566	115,667	93,497	122,462	142,379
Africa	—	—	—	—	—
<b>Central heating from external suppliers</b>					
CIS	—	—	925	—	—
Africa	—	—	—	—	—

\* The data for 2018 are shown based on 2017

Every year, Nordgold mines implement energy-efficient technologies, as well as measures for energy conservation and rational energy use. All employees are focused on improving power generation equipment use and reducing energy consumption through efficient technologies use. The staff are being trained on energy consumption issues.





# Employees

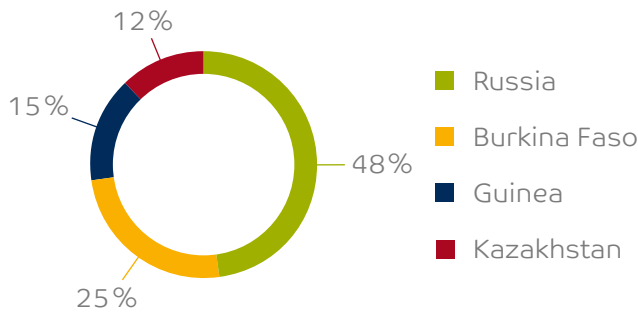


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- 80 Training and Development
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- 82 Respect for the Right to Freedom,  
Labour Rights and Human Rights
- 82 Interacting with Employees and  
Receiving Feedback
- 84 Corporate Culture
- 85 Working Conditions and  
Social Standards

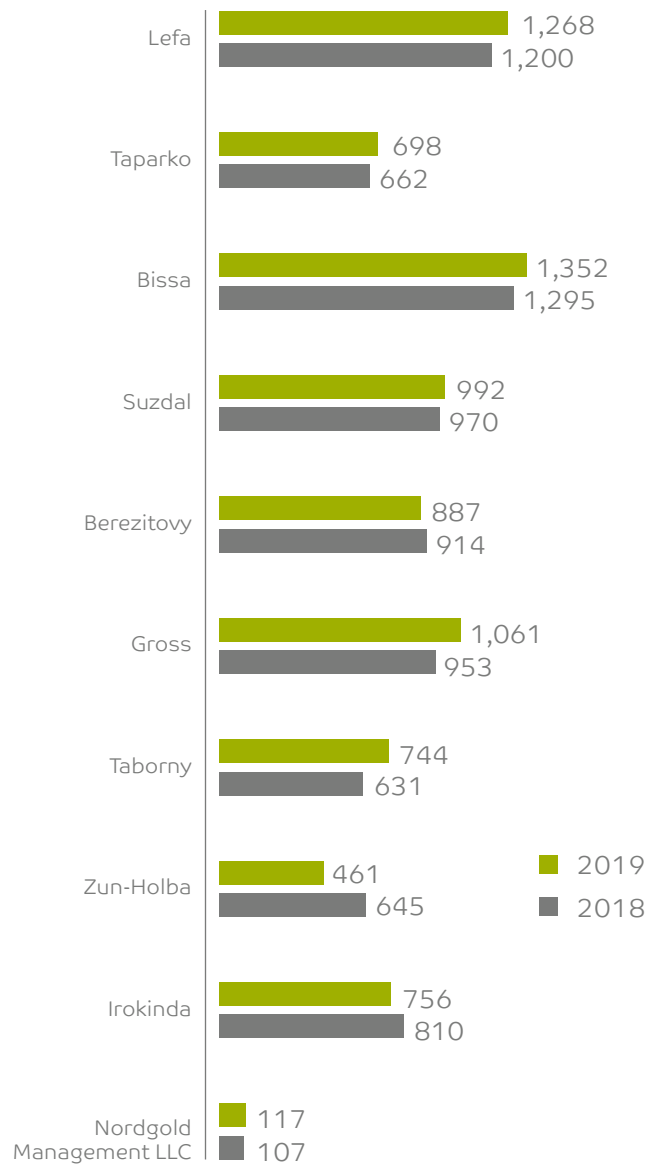
# QUANTITY AND DIVERSITY

In 2019, the number of Nordgold employees increased slightly (+1.8%) to 8,332, including 8,284 permanent and 48 temporary employees. The predominant number of employees (48%) are located in Russia, where five out of ten operating mines are located, just under one third — in Africa, and 12% — in Kazakhstan. Nordgold is an international group of companies that employs workers representing 38 nationalities.

**Number of employees by main regions of presence, %**



**Employee distribution by mines as of the year end, number of persons**

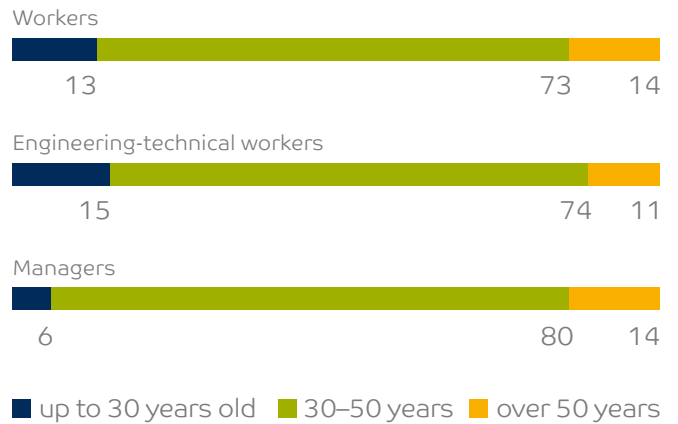


The share of women employees is 6%, which is explained both by the mining industry's specifics, and mainly by the shift method of organising work at many of the Group's assets. In the reporting year, the women's share of management positions increased (from 37 to 43) and of engineering and technical workers (from 234 to 278). The share of women compared to total workers decreased slightly. One woman is also one of Nordgold seven top managers, including the CEO and his direct subordinates. Six managers from this category belong to the age group "30–50 years".

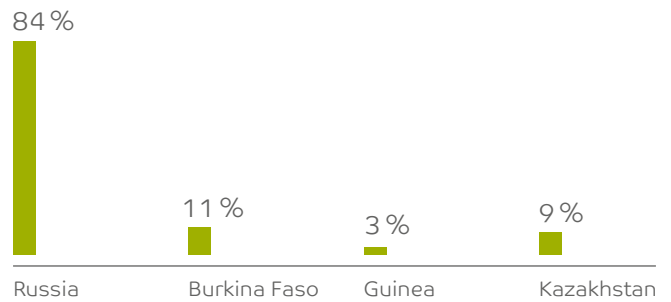
The same age group includes 73% of the employees. The younger (under 30 years old) and older (over 50 years old) age groups are represented in approximately equal proportions: 13% and 14% of the employees, respectively. The age groups ratio has not changed significantly in comparison with the previous period; the average age of Nordgold employees was 39.58 years (39.31 in 2018).

During the reporting period, 1,541 new employees were recruited by Nordgold. In 2019, the overall staff turnover rate was 19.9%. The highest turnover percentage (29.3%) was observed at the Russian mines, due to the decrease in the production at a number of business units. The undesirable staff turnover for 2019 is 11%.

### Distribution of employees by category and age at the end of the year, %



### Undesirable staff turnover, 2019





# HUMAN RESOURCE MANAGEMENT

Nordgold has adopted and updates its personnel management strategy annually. The strategy involves attracting and retaining talent, developing human resources and corporate culture. We strive to improve both the efficiency of the Group itself and the effectiveness of the personnel management system.

## Retaining and Attracting Talent

In 2019, Nordgold attracted about 1,500 new employees.

Operating staff achieved high level of 98% from total operating staff required and undesirable turnover level did not exceed 11%, which is a high enough indicator for an organisation working in hard-to-reach places on a shift basis. In order to attract and retain employees, we use the following tools:

- A reward system that encourages performance in achieving set goals, high qualifications and high productivity, having more than one profession, and cross-functional skills.
- A social and household standard of living ensuring comfortable living conditions in rotation camps, safe and high-quality workplace organisation, conditions for a healthy lifestyle, sports and leisure for employees.
- Programs on professional development, career promotion, and personnel flows between the Group's different production sites.
- An attractive social package including competitive remuneration, a benefit package, a training system, career prospects, and a favorable corporate culture.

## Human Resources Development

We work to ensure that all categories of the Nordgold personnel meet high professional standards, develop employees' potential to solve new tasks and master new technologies, and ensure a reserve availability for filling all key positions. To achieve these goals, Nordgold implements the following programs:

- development of the key technical expertise;
- development of managerial and leadership skills in the top management, business unit managers and line management;
- development of professional competencies and employees' personal effectiveness skills for all functions;
- teaching foreign languages;
- e-learning system for internal work processes and standards;
- individual development plans.

In our African assets, we pay special attention to training the professional and managerial personnel from among the national specialists for replacing foreign personnel. For the national employees at the line managers level and reservists for their positions, the "Perspective" program is being used. Some 43 staff members have already completed their training under this program, and another 80 are currently continuing their training. Some 85 high-potential employees are part of the talent pool program, which ensures their training for key managerial roles in the organisation. In 2020, Nordgold plans to launch a program for supervisors called "Steps" for 112 employees from among the domestic staff. In the regions with a poorly developed educational system, we are increasing literacy among employees.

## Corporate Culture Development

Creating a positive organisational culture based on high ethical behavior standards and corporate values such as respect, safety, efficiency, and cooperation, is key to comfortable work aimed at achieving the business goals and generating ideas for continuous improvement.

We are proud of our ability to combine different cultures and practices. We not only find a common language amongst ourselves, but also learn from each other and do everything possible to achieve our goals together.

Nordgold's corporate culture is based on the understanding that all our employees are part of one team, united around a common goal and sharing common values. We are a large and friendly international team where everyone contributes to achieving the final result. Therefore, we succeed in the areas where others fail.



## Efficiency of Organisation and Personnel Management System

Nordgold strives to be an effective organisation that uses available resources wisely and responsibly while constantly improving its productivity. The Group has implemented a flat organisational structure consisting of only four subordination levels at the business unit level and seven levels from worker to CEO. Nordgold uses a standard organisational format, and the differences between the assets relate only to the technology and the production processes. Nordgold strictly controls the number of employees and implements electronic systems for monitoring working hours.

Combined with the introduction of new capacities, this approach has resulted in a 16% increase in the productivity in terms of ounces per employee for 2019, and a 26% increase in tons of processed ore per employee. At the same time, Nordgold's staff costs per 1 ounce decreased by 10%.

In the conditions of high geographical production distribution, the HR Department implements electronic services for the employees and managers, uses automated systems for supporting key processes of recruitment, remuneration, goal setting, and training.

## RECRUITMENT AND PERSONNEL CAREER DEVELOPMENT



We strive to be the best employer in the regions where we operate and hire the best professionals in the industry. We reject any forms of discrimination in the selection of personnel and primarily assess the candidates' professional competence, their motivation, and potential for further growth. We consider it important that Nordgold employees should not only fulfill their duties, but also share our values and be able to realize their professional ambitions. We try to make the interview and evaluation process objective and transparent for all stakeholders.

Nordgold employees have the opportunity to develop within the Group, move to positions with different responsibilities, in other countries, or regions. Under the "Self-Promotion" program, any Nordgold employee who has worked for at least one and a half years, can nominate themselves for any open position or the personnel reserve. Information about the open vacancies is available on information boards, in the HR Department of each mine, as well as on the corporate career website [www.nordgoldjobs.com](http://www.nordgoldjobs.com).



In 2019, 244 employees participated in the "Self-Promotion" program, which is 7% more than in 2018. Every fourth person who responded received a new appointment, while the rest of the employees received feedback and recommendations on adjusting their individual development plans, which would help develop the missing competencies and get the desired appointment in the future.

To develop young professionals in the mining industry, Nordgold has launched a "Fast Track" program. It opens up good career prospects for beginners in the field of mining, geology, metallurgy and mining equipment repair, who have a diploma confirming the required qualifications, at least 1.5 years' experience in the industry, as well as strong leadership and analytical skills. Developed for three years, the program allows the candidates to learn more about their profession, delve into the work of the business units' key services, and in case of successful completion — to fill a managerial position.

Creating maximum opportunities for the local population is one of our priorities at Nordgold's African businesses. Many of the key positions in the mines proved to be filled by workers from among the local people.

To adapt new employees, an electronic tool has been introduced that allows them to quickly get acquainted with Nordgold, learn about our business and the production technology used, form an action plan for the first days and a list of key employees, receive tasks for a trial period, and receive prompt feedback from the manager.

In 2019, 11% of our employees worldwide received new assignments within the Group (9% in 2018).

In 2020, we plan to continue working in this direction. The new "My Career Path" tool will allow us to clearly demonstrate career development options for each employee. Anyone will be able to build the shortest route from the current position to the position they plan to take, as well as get a list of the necessary competencies needed for each next career step.



In order to evaluate the current employees' activities, determine their potential for development and promotion, and select potential candidates for key positions, Nordgold holds regular meetings on personnel issues in the "Personnel Committee" format. An individual development plan is prepared for each employee with high potential, and potential replacement for key positions are included in corporate management development programs.

When an employee is introduced to the HR Committee, his/her manager uses the feedback results received using the "360°" method. The survey allows the manager to get detailed structured information on this employee's values and competencies from people who interact with him/her at different levels (self-assessment, managers, colleagues, subordinates, internal and external clients). Based on the results of this assessment, the employee's behavior can be improved, areas for his/her development are identified, an individual development plan is drawn up, and a decision is made regarding his/her bonuses and salary indexing. The "360° Feedback" rating applies to all full-time professionals and managers.

# T RAINING AND DEVELOPMENT

We understand that Nordgold's success depends directly on the professionalism and commitment of those who work for us. Only by continuing to invest in our employees, offering them clear and realistic career opportunities, as well as effective tools for achieving them, can we create conditions for teamwork and mutual respect.

In 2019, the share of employees who gained new knowledge and skills through training programs increased to 71% compared to 67% a year earlier.

**71% of the employees participated in training and development programs.**



In 2019, Nordgold increased its investments in personnel development program by 23%, which amounted to approximately US \$4.8 million (\$3.9 million in 2018). The average annual number of training hours per employee was 27 hours in the reporting year.

Corporate development programs for managers of various levels have been successfully launched at all the Group's mines. The "More than Gold" program is aimed at top business leaders and their successors and is being implemented in partnership with PWC. The program includes five training sessions with a total duration of 20 training days. In 2019, 76 managers from all Nordgold business units underwent training. In 2020, Nordgold plans to include all employees who fall into the target group (161 people).

The "Perspective" training program implementation for line managers and their successors, launched at the end of 2018, has continued. In the reporting year, the program was attended by 91 managers from Nordgold's African mines, as well as 70 managers from the Russian and Kazakhstan ones. The program is aimed at developing managers' leadership skills, as well as studying standard management processes implemented in the Group. It consists of training sessions, as well as short workshops where the participants further develop their skills and discuss the most difficult issues.

For the past three years, Nordgold has been implementing the Nordgold Executive Program for top manager development. In 2019, the program participants had the opportunity to get acquainted with the world's best practices for mining companies. They saw how the advanced technological solutions were used in the production organisation at Barrick and Newmont companies in Peru, as well as Hekla and GoldCorp companies in Canada. A managers group also visited Toyota Corporation manufacturers to study "lean manufacturing" and "Six Sigma" tools. As a result of these visits, a number of efficiency-enhancing projects were initiated for implementation at the Group's business units.

In 2019, one of the priority projects was the development of an internal online training platform for Nordgold Academy employees (about 2,400 users). The platform is used for gaining new knowledge, developing employees' competencies and skills as part of their profession, and beyond. The format of short video courses with interactive questions allows employees to quickly learn the material and apply the knowledge in practice. Users have access to training materials, manuals, descriptions of standard operating procedures, and other materials. The online courses are available to students at any time from any type of device, including offline. The main page displays the statistics on studied materials, as well as the information about training progress. In 2020, Nordgold plans to further develop the platform in terms of its functionality, increasing the user coverage, and developing the online courses in the most popular areas.

Among the priority projects to develop employees' technical competencies are the following:

- Construction of a Technical Training Center at Lefa (opening in the third quarter of 2020).
- The training program for the employees of the Mineral Resources Department and the Mining and Technical Department on new modeling standards and planning standards for mining. The program was created in 2019 based on a detailed assessment of the employees engaged in these services (157 persons).
- Continuation of the "Mining Academy" program in terms of the best production practices distribution in the areas with the underground mining methods, as well as teaching the internal trainers for further knowledge transfer. In 2020, the project is also planned to be launched at the open-pit mines.
- Preparation to launch a program for training personnel involved in repairs in 2020, in order to improve mining equipment maintenance quality.

## REMUNERATION AND MOTIVATION

Nordgold's current system of remuneration and bonuses is designed to reward employees for their contribution to achieving high production goals. We offer our employees a decent salary that corresponds to the market level. In order to ensure balanced, fair and competitive remuneration, we regularly analyse salary levels in all the regions where we operate. At each business unit, the wages are reviewed annually.

We also pay bonuses and other monetary rewards for achieving high production and financial performance indicators. Employees are rewarded in proportion to their personal performance, as well as the performance of the departments and business units. The greater one's personal achievement, the higher the salary; for certain categories of employees there is no upper limit to their earnings.

We strive to ensure that the remuneration system is transparent and understandable for each employee. The approach to payroll and bonus principles are clearly defined and described in internal documents in each business unit. The base rates for women and the base rates for men for each employee category do not differ by region/country of operation, as the rates for a single position are unified at all the business units.



# RESPECT FOR THE RIGHT TO FREEDOM, LABOUR RIGHTS AND HUMAN RIGHTS

We resolve complex issues and disputes through constructive dialogue and negotiations, which serve as the basis for finding mutually beneficial solutions in each case. Nordgold does not interfere with the activities of any trade union organisations at the business units, but does not initiate their creation, respecting the employees' right to freedom of association. There are trade unions at the Taparko, Bissa, Lefa and Suzdal mines. Collective agreements apply to 100% of the local employees at these assets. In accordance with the collective agreements, negotiations are held annually regarding a range of issues the staff is concerned about — from medical insurance to training to remuneration.

On January 1, 2019, an updated collective agreement entered into force at the Suzdal mine in Kazakhstan. The new document changed the approach to annual wage indexing, and employees who earn below-market wages may receive a higher percentage increase than the average for the business unit. In addition, according to the updated collective agreement, employees working in areas with harmful and dangerous working conditions will receive additional payments to their official salary. Nordgold has also introduced a number of additional benefits.



At each of our mines, we provide employees with housing, food, medical care, utilities, transportation, recreation, and entertainment facilities, as well as with sports opportunities. The working conditions and standards for Nordgold employees are regulated under the "Social Standards and Quality of Life" program, which is aimed at increasing the attractiveness of job positions.

The industry is characterised by the limited service life of gold mining companies. The Group values the specialists working at its business units who are familiar with Nordgold's corporate culture, and if necessary, tries to offer them work at other mines. At the same time, we are constantly working to increase the reserves at existing mines and search for new deposits.

## INTERACTING WITH EMPLOYEES AND RECEIVING FEEDBACK

For many years, the HR Hotline has been one of the most effective channels of communication between employees and Nordgold management. Any employee can call a toll-free phone number, send a message to a special email address, or use the feedback form on the intranet. Phone calls and site visits are handled on a confidential basis, and the calls are neither recorded, nor tracked.

## HR Hotline, statistics of queries in 2019



The Hotline allows workers to inform management of any serious violations. They may include more personal issues such as discrimination, abuse, or harassment, as well as situations involving threats to health and safety, or damage to the environment. Replies are mandatorily provided for each complaint. In case of multiple complaints about the same problem, management takes responsibility for managing it until a complete and final solution is found.

To assess the engagement level, Nordgold conducts an annual employee opinion survey, which is also an important source of information about staff's interests and expectations (for more information, see the "Corporate Culture" section.)

There is a corporate social network called Nordgold Info. By downloading the mobile app, employees can quickly learn about the latest events in the Group, communicate with their colleagues in topic-specific chats and via personal messages, participate in surveys, and ask questions directly to any of the directors. Management's responses are published in Nordgold's corporate newspaper. The mobile version of the newspaper's website is also available via the app.

Each employee can submit an application to the Ethics Committee. Each such application is carefully considered; later, the Committee makes a decision and responds in writing.

Openness and honesty are the foundation of professional relationships at Nordgold. We hold regular meetings between employees and management in each business division. Continuous dialogue allows each employee to get direct feedback from management regarding their work, professional development, and career opportunities.



Nordgold management holds regular individual meetings with staff. In February 2019, a video conference was held where the employees of the Taborny and Gross mines asked more than 50 questions to Nordgold's CEO Nikolai Zelenski. Topics discussed included industrial safety, as well as social and working conditions, engagement levels, exploration, and new projects. At the end of February, a group of Nordgold's Directors visited the Suzdal mine. During the visit, the guests discussed the current situation at the metallurgical plant and the Group's strategic development plan, reserves, and the program for further process automation, and also answered questions of concern to employees. The most discussed topics at the Suzdal mine included the possible changes in the shift mode "30 days on, 30 off". During the discussion, it was also decided to purchase additional underground transport necessary for the personnel evacuation in the event of an emergency. In a constructive manner, the CEO met with the staff of the African mine Bissa-Bouly in March 2019.

# CORPORATE CULTURE

Since 2015, Nordgold has been conducting an annual survey of employees' opinions, evaluating their engagement, loyalty, and commitment to achieving goals. During the survey, the employees have an opportunity to express their attitude toward the Group, evaluate the processes at the mines, submit their suggestions for improvement, and much more. After receiving the results of the survey, business units conduct focus groups and managers' meetings together with employees in order to identify areas for development in a more accurate way. Based on an analysis of the survey results, each business unit develops an action plan aimed at solving the key problems.

In 2019, more than 6,500 people (81%) participated in the study. The survey results showed that Nordgold is still in the growth zone with an engagement level of 69%. Which is higher than the global average level for metallurgical companies (57% in 2016). At the same time, the number of highly engaged employees increased (22% compared to 19% in 2018).



For all employees and business partners, Nordgold strives to convey a Vision of what it aims for and what it wants to be. (See the "Vision" section.)

In accordance with the Vision, there is an annual Nordgold Vision Awards for companies, which have achieved outstanding results in a particular field.

## Award winners in 2019

Nomination	Mine	Basis for awarding
"High-quality Asset"	Tabornoy Gross (Russia)	For stable production indicators, the mine's long service life, and low production costs
"Building Shareholder Value"	Berezitovy (Russia)	For successful investment projects with capital return and high financial results
"Leading Practices"	Taparko (Burkina Faso)	For a high level of staff engagement, corporate spirit, and new practices in the field of personnel management



For the eighth year in a row, Nordgold has been implementing the "Golden Employees" program. The best employees are selected by their colleagues and managers. Awards are distributed by category in accordance with corporate values. In 2019, 60 employees were awarded.

Every year in July, Nordgold holds a Company Day and Leadership Conference, which is attended by a managers' delegations from each business unit. As part of the Leadership Conference, a live call-in is held with the key shareholder, and each of the Group's employees can connect to this session and ask a question.

Key specialists from various fields meet at topic-specific conferences in Moscow. They jointly discuss priority projects and share their experience with their colleagues from other mines. Professional skill contests are held between employees of the same specialty from different production sites. In 2019, the winners of such a competition among excavators and underground loader drivers came to Moscow for Company Day.

Nordgold supports a healthy lifestyle for its employees and annually organises corporate football championships, marathons, and other sports competitions. The Group business units annually hold corporate events in various formats: professional holidays dedicated to the celebration of Metallurgist's Day and Miner's Day in Russia and Kazakhstan, summer meetings of employees at the mines in Africa. All Nordgold's business units also arrange New Year celebrations.



## WORKING CONDITIONS AND SOCIAL STANDARDS

We strive to ensure that all our employees work in a favorable and safe environment. Nordgold's employee welfare program is aimed at improving the social and living conditions at all the Group's mines. In 2019, Nordgold doubled its investments in this program.

Investments in improving the social and living conditions increased from US \$2.1 million in 2018 to US \$3.8 million in 2019.

These funds are intended to carry out current and major repairs of residential and social premises in the rotation camps, as well as dormitories for employees, through purchasing furniture, household appliances, kitchen and sports equipment, and motor vehicles. In 2020, Nordgold plans to spend US \$5.3 million on social needs.







# About the Report

91 Appendix 1

99 Appendix 2



This document is a report on the sustainable development of Nord Gold SE, its subsidiaries and controlled companies (also referred to as the "Company", the "Group" or "Nordgold" herein) for 2019.

The report contains information about Nordgold's mission and strategy, key events and results, principles of social responsibility and sustainable development, the impact of the Group's production activities on the economy, society, and the environment in the regions and countries where it operates, as well as its interaction with stakeholders.

The report is prepared in accordance with GRI Standards, the "Core" version, and the GRI annex for the mining and metallurgical industry. The report also contains data on contribution to achieving the UN Sustainable Development Goals.

In the report, the information on topics that are significant to the subsidiaries, stakeholders, and the Group as a whole, was included.

To determine the content hereof in accordance with GRI Standards, a materiality assessment procedure was performed. Therefore, a survey was conducted among the stakeholders' representatives — internal and external stakeholders — in order to determine the main topics that should be reflected herein. A total of 43 questionnaires were collected, including 28 from the representatives of the local communities, non-profit organisations, business partners, the investment community, public authorities, and local governments, including representatives of local authorities in Burkina Faso and Guinea.

Fifteen questionnaires were received from employees representing Nordgold's main divisions involved in ensuring sustainable development. In the questionnaire, the respondents rated the significance of each topic based on a 10-point scale. At the same time, the most complete list provided by the GRI Standards was considered. For each topic, the average score was calculated for the both participating categories, and the final score was obtained for each topic. Based on the survey results, a ranking of the topics and a materiality matrix were compiled. The topics with a final score exceeding 8 points were highlighted as the most significant ones.

In addition, in order to identify material issues for the stakeholders, the following aspects were analysed while preparing the report:

- information requests from business partners, rating agencies, and financial institutions;
- materials of Federal media, local and corporate press, in particular — publications in Nordgold's social networks;
- feedback materials from the Group's employees and their queries to the Nordgold's management;
- query materials from non-profit organisations and the local population in territories where Nordgold is present.

When determining the materiality level, the working group took into account the significance of these issues for the Group, key stakeholders, the materiality in terms of the global context, and the business obligations, including those set out in international and Russian documents and initiatives, including the UN Global Compact and the Sustainable Development Goals.

In this regard, such topics as "Investment in transport and social infrastructure, indirect impact on the economic development in the regions of presence", as well as "Dumping and waste, including waste recycling and re-use", were additionally included. During the

discussion, the topic "Consumer privacy" was excluded from the list of material issues as irrelevant, considering the Group's industry specifics, which is not related to personal data storage.

Based on the above stated analysis, the working group approved the following list of the most significant topics to be disclosed in the report.

### Economy

- 1 Economic performance
- 2 Fighting corruption

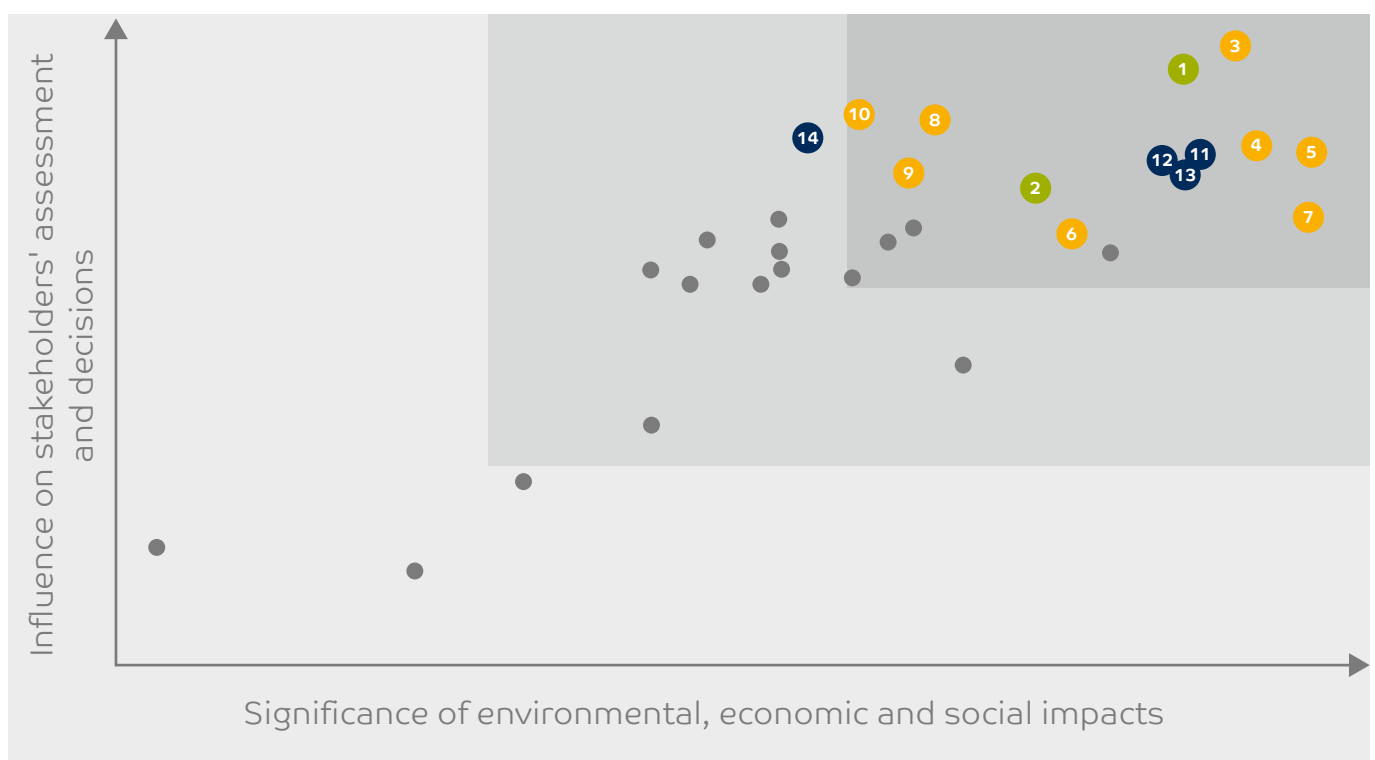
### Community

- 3 Health and safety in the workplace
- 4 Compliance with laws and regulations
- 5 Employee training and education
- 6 Employment
- 7 Informing employees of significant changes in the company's operations
- 8 Impact on local communities, including cooperation and development programs
- 9 Investments in transport and social infrastructure, indirect impact on the economic development of the regions of presence
- 10 Respect for the rights of indigenous and minority peoples

### Environment

- 11 Land resources and impacts on biodiversity
- 12 Water use and impact on water resources
- 13 Compliance with environmental legislation
- 14 Discharges and waste, including waste recycling and reuse

## Materiality matrix



The document contains data collected within the corporate reporting system, including information received from divisions in response to requests made in accordance with the recommendations of the GRI Standards. The report was prepared using consolidated data from the Group's management and audited financial statements. The report includes data for the 2019 calendar year, and where it seemed significant — in dynamics for a number of years in a row. The report describes management's approach to where these most significantly impact the Group.

The set of performance indicators in the field of economic performance corresponds the financial statements.

Topics such as "occupational health and safety" and "compliance with environmental legislation", as well as "anti-corruption", are considered material outside the organisation. This information regarding contractors is provided in the "Approaches to managing health and safety issues" and "Ethical business conduct and fighting corruption" sections. For these topics, information about the existing management systems is mainly disclosed and examples are provided.

The list of the Group's assets included in the financial statements is given in the Annual Report.

The indicators of sustainable development for other categories, in particular for the environment, are mainly given for all the major operating assets.

Plans for the medium and long term, given in the report, are of a predictive nature. Their feasibility depends on a large number of factors, many of which are beyond the Group's control.

The accuracy of the data included in the report is ensured during information gathering and consolidation using standard procedures and confirmed by the departments responsible for preparing the corresponding block of information. The data is subject to internal approval, and its completeness and correctness is checked by the departments which present them, as well as by the functional divisions of the management company.



# Appendix 1

## GRI Standards Report Compliance Table

■ Material aspects

Reporting Elements for GRI Standards and GRI Applications, Mining and Metallurgy Industry		Where in the report/comments
<b>Common Reporting Elements</b>		
<b>1. Company Profile</b>		
102-1	Name of the organisation	Nord Gold SE
102-2	Main brands, products and services	Sales
102-3	Headquarters location	About the Report
102-4	Main business geography	Production
102-5	Nature of ownership and legal form	Nature of ownership: shares; Form of incorporation: European Public Limited Company (Societas Europaea)
102-6	Markets where the company operates	Sales
102-7	Company size	Nord Gold SE's beneficial owners are: Mr. Aleksei A. Mordashov (34,98%), N. Mordashov (32,48%) and K. Mordashov (32,48%). The remaining beneficial ownership interest is held by minority shareholders of the Company, including the management team.
102-8	Information on personnel and other staff members	Quantity and Diversity
102-9	Company supply chain	Supply Chain
102-10	Significant changes in the size, structure, ownership or the supply chain of the company	Transfer of the beneficial ownership interest in Nord Gold SE to K. Mordashov and N. Mordashov
102-11	Precautionary principle	Nordgold uses the precautionary principle in the field of labour protection, industrial safety and environmental impact in the risk management process. See Nordgold Annual Report 2019, Risk Management, p. 42
102-12	External initiatives	Company's Approaches to Sustainable Development Ethical Business Conduct and Fight against Corruption Use of Dangerous Substances
102-13	Association memberships	Appendix 2
<b>2. Strategy</b>		
102-14	Statement made by the senior authorised decision maker of the company	Message from the CEO
102-15	Key impacts, risks, and opportunities	Risk Management Management Ethical business conduct and anti-corruption procedures See also Nordgold Annual Report 2019, p. 42, 51
<b>3. Ethics and integrity</b>		
102-16	Values, principles, standards and norms of conduct which are shared by the company	Mission Ethical Business Conduct and Fight against Corruption Nordgold Annual Report 2019, p. 10

**Reporting Elements for GRI Standards and GRI Applications, Mining and Metallurgy Industry**
**Where in the report/comments**

102-17	Mechanisms for ethics appeals	Interacting with Employees and Receiving Feedback
<b>4. Corporate governance</b>		
102-18	Corporate governance structure	Management Nordgold Annual Report 2019, p. 50
102-19	Delegation of authorities	Company's Approaches to Sustainable Development
102-20	Managing position or positions assuming responsibility for resolving economic, environmental and social problems	Chief Legal Officer, Corporate and Regulatory Affairs, as well as of the heads of the respective functional units are in charge of the sustainability development affairs
102-21	Advice to stakeholders regarding economic, environmental and social issues	Interaction with Stakeholders About the Report Nordgold Annual Report 2019, p. 25
102-22	Membership of the supreme corporate governance body and its committees	Management Nordgold Annual Report 2019, p. 57
102-23	Chairman of the supreme corporate governance body	Management Nordgold Annual Report 2019, p. 56
102-24	Nomination and selection procedure for the supreme corporate governance body members	Nordgold Annual Report 2019, p. 59
102-25	Conflict of interests	<u>Nord Gold SE Charter, p. 28-30</u> <u>Anti-corruption policy p. 7</u> <u>Code of Business Conduct and Ethics p. 3</u>
102-26	The role of the supreme corporate governance body in defining the goals, values and strategies of the company	Management Nordgold Annual Report 2019, p. 50-51
102-27	Corporate knowledge of the supreme corporate governance body members with regard to the economic, environmental and social issues	Periodic preparation of information materials for the Nordgold management on economic, environmental and social issues
102-29	The role of the supreme corporate governance body in defining economic, environmental and social issues and in managing those	Management Nordgold Annual Report 2019, p. 51
102-30	Risk management efficiency	Risk Management Nordgold Annual Report 2019, p. 42
102-31	Analysis of the economic, environmental and social issues	Approaches to Occupational Health and Safety Management
102-32	The role of the supreme corporate governance body in drafting reports on sustainable development	During the drafting process, the report is being reviewed by the Chief Legal Officer, Corporate and Regulatory Affairs, a member of the Board of Directors of Nordgold.
102-33	The procedure for informing the supreme corporate governance body of critical issues	Nordgold Annual Report 2019, p. 50
102-34	The nature and total number of important issues brought to the attention of the supreme corporate governance body	Management
102-35	Remuneration policies	Nordgold Annual Report 2019, p. 52 Statutes of Nord gold SE, p.25
102-36	The procedure for determining the remuneration amount	Nordgold Annual Report 2019, p. 58

Reporting Elements for GRI Standards and GRI Applications, Mining and Metallurgy Industry		Where in the report/comments
102-37	Involvement of stakeholders in the procedure for determining the remuneration amount	The remuneration amount is determined by Nordgold remuneration policy; participation of external stakeholders is not assumed
102-38	The ratio of the total annual remuneration amount paid to the highest official to the average annual remuneration of all employees	Is not disclosed due to protection of personal information
102-39	The ratio of the total percentage growth of the annual remuneration paid to the highest paid official to the percentage growth of the average annual remuneration paid to all employees	Is not disclosed due to protection of personal information
<b>5. Interaction with stakeholders</b>		
102-40	List of the stakeholders' groups	Interaction with Stakeholders
102-41	Collective agreements	Respect for the Right to Freedom, Labour Rights and Human Rights
102-42	Identification and selection of stakeholders	The list is compiled by the working group members who are responsible for the report preparation.
102-43	Approaches to interacting stakeholders	Interaction with Stakeholders
102-44	Key topics raised and concerns expressed	Interaction with Stakeholders About the Report
<b>6. Statements drafting practices</b>		
102-45	Legal entities whose statements have been included in the consolidated financial statements	Nordgold Annual Report 2019, p. 128
102-46	Defining the statements content and topic limitations	About the Report
102-47	The list of the material aspects	About the Report
102-48	Restatement of information	About the Report
102-49	Changes made to the statements	About the Report
102-50	Financial period	About the Report
102-51	Date of publication of the previous report	March 23, 2017 Integrated report for 2016
102-52	Reporting cycle	Annual
102-53	Point of contact to whom you may address with any questions on the report	About the Report
102-54	Statement on report preparation in accordance with the GRI standard	About the Report
102-55	GRI content index	Appendix 1
102-56	External approval	Does not apply

## Economy

### 201 Economic efficiency

103	Management approaches	Management
201-1	Direct economic value, created and distributed	Sales



**Reporting Elements for GRI Standards and GRI Applications, Mining and Metallurgy Industry**
**Where in the report/comments**

201-2	Financial aspects and other risks and opportunities for the company's activities related to climate change	Impact of Climate Change on Social and Economic Conditions in Sahel Countries
201-3	Security of the company's obligations related to pension plans with established benefits	The company fulfills its obligations in alignment with the laws of the countries where it is present, in particular of Russia, through required contributions to the Pension Fund of the Russian Federation.
201-4	Financial assistance received from the state	No significant payments received from the state

**202 Market presence**

103	Approaches towards management	Remuneration and Motivation
202-2	The share of top managers hired from among the local population in the regions of the company's significant activities	In regard to the Russian assets, almost 100% of top managers are representatives of the local population. In this context, the top managers are the members of Nordgold Management team, directors of the mines, and the local population are citizens of the Russian Federation.

**203 Indirect economic impacts**

103	Approaches towards management	Contribution to Regional Economies' Development
203-1	Investment in infrastructure and gratuitous services	Economy and Social Sector
203-2	Significant indirect economic impacts	Contribution to Regional Economies' Development
MM8	The number and proportion of the sites in the places where artisanal or small-scale mining is carried out, or of the sites located next to them, the associated risks and measures taken to manage and reduce them	Impact of Climate Change on Social and Economic Conditions in Sahel Countries

**204 Purchase practices**

204-1	Cost share for local suppliers	Supply Chain
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**205 Fighting corruption**

205-1	Corruption Risk Assessment Activities	Ethical Business Conduct and Fight against Corruption
205-2	Informing and training on anti-corruption policies and methods	Ethical Business Conduct and Fight against Corruption
205-3	Confirmed incidents of corruption and actions taken	Ethical Business Conduct and Fight against Corruption

**206 Competition hindrances**

206-1	Legal actions taken against the company due to hindering competition and violating antitrust laws	None
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**Environment**
**301 Materials**

301-1	Spent materials by weight or volume	Use of Dangerous Substances
301-2	Recycled or reclaimed waste materials	Waste Management

**Reporting Elements for GRI Standards and GRI Applications, Mining and Metallurgy Industry**
**Where in the report/comments**
**302 Energy**

103	Approaches towards management	Rational Use of Energy
302-1	Energy consumption within the company	Rational Use of Energy

**303 Water**

103	Approaches towards management	Responsible Water Use
303-1	Water consumption segmented by sources	Responsible Water Use
303-2	Sources of water which highly impacted by the company's water intake	Responsible Water Use
303-3	Share and total volume of water which is being reused twice or multiple times	Responsible Water Use

**304 Biodiversity**

304-1	Owned, leased or managed production sites located in protected natural reservations and territories with high biodiversity value spreading outside their boundaries	None
304-3	Preserved or restored habitats	Land Resources and Biodiversity

**305 Emissions**

103	Approaches towards management	Approaches to Occupational Health and Safety Management
305-1	Direct GHG emissions	Emissions into the Air
305-5	Reduction of greenhouse gas emissions	Emissions into the Air
305-7	Emissions of NOx, SOx and other significant polluting substances	Emissions into the Air

**306 Discharges and wastes**

103	Approaches towards management	Approaches to Occupational Health and Safety Management
306-1	Total discharges indicating the quality of wastewater and the receiving facility	Responsible Water Use
306-2	Total weight of waste by type and method of treatment	Waste Management
306-3	Significant spills	None

**307 Environmental compliance**

103	Approaches towards management	Approaches to Occupational Health and Safety Management
307-1	Cases of non-compliance with environmental standards and requirements	There were no outstanding cases during the reporting period.

**308 Suppliers' assessment from the environmental viewpoint**

308-1	New suppliers evaluated by environmental criteria	Rational Nature Management
308-2	Negative environmental impact in the supply chain and measures taken	Rational Nature Management

**Reporting Elements for GRI Standards and GRI Applications, Mining and Metallurgy Industry**
**Where in the report/comments**
**Social sector**
**401 Employment**

103 Approaches towards management Human Resource Management

401-1 Newly hired employees and staff turnover Quantity and Diversity

**402 Relationships between the employees and leadership**

402-1 Minimum notice period for significant changes in the company  
In the Russian Federation: not later than two months before the start of the relevant events; if the decision to reduce the number of staff can lead to a mass dismissal — no later than three months in accordance with the Labour Code. In other countries of presence — in accordance with relative national laws.

**403 Employees' health and safety**

103 Approaches towards management Approaches to Occupational Health and Safety Management

403-1 Percentage of workers represented on official joint health and safety committees Approaches to Occupational Health and Safety Management

403-2 Industrial injuries, occupational diseases level, lost days and absenteeism rates, number of deaths Approaches to Occupational Health and Safety Management

403-3 Workers at high risk of injuries or occupational diseases Approaches to Occupational Health and Safety Management

403-4 How health and safety issues are reflected in formal agreements with unions Reflected in collective agreements where business units incorporate with trade union organisations.

**404 Training and education**

103 Approaches towards management Training and Development

404-1 Average annual training hours per employee Training and Development

404-2 Skills development and educational Programs  
Training and Development  
Promoting Agriculture and Employment of Indigenous People in West Africa

404-3 Percentage of employees for whom periodic performance and career development evaluations are conducted Recruitment and Personnel Career Development

**405 Diversity and equal opportunities**

405-1 Diversity of corporate governance bodies and employees Quantity and Diversity

405-2 The ratio of the base salary of men and women Remuneration and Motivation

**406 Non-discrimination**

406-1 Cases of Discrimination and Corrective Action Taken None during the reporting period

**407 Freedom of association and collective bargaining**

Reporting Elements for GRI Standards and GRI Applications, Mining and Metallurgy Industry		Where in the report/comments
407-1	Units and suppliers whose right to exercise freedom of association and collective bargaining may be at risk	Respect for the Right to Freedom, Labour Rights and Human Rights
MM4	The number of strikes and lockouts lasting more than a week by country	None during the reporting period
<b>408</b>	<b>Child labour</b>	
408-1	Units and suppliers who have a risk of using child labour	Impact of Climate Change on Social and Economic Conditions in Sahel Countries
<b>409</b>	<b>Forced or compulsory labour</b>	
409-1	Units and suppliers who are at risk of forced or compulsory labour	Ethical Business Conduct and Fight against Corruption <a href="#">Anti-Slavery Statement</a>
<b>411</b>	<b>Indigenous groups' rights</b>	
411-1	Cases of violation of indigenous groups' rights	None
MM5	The total number of works in the territories of indigenous and small peoples and territories adjacent to them, the number and proportion of operations or sites where formal agreements exist with communities of indigenous and small peoples	Contribution to Regional Economies' Development
MM6	The number and description of significant disputes regarding land use and customary rights of indigenous and small peoples	No significant land use disputes took place.
MM7	Using complaint investigation mechanisms to resolve disputes with local communities and indigenous peoples related to customary land use and their outcome	Interaction with Stakeholders
MM8	The number and percentage of existing divisions of the company where artisanal (prospecting) and small-scale mining takes place on the sites themselves or on territories adjacent to them; associated risks and measures taken to manage or reduce them	Interaction with Stakeholders Impact of Climate Change on Social and Economic Conditions in Sahel Countries
MM9	The sites of the company where the resettlement took place, the number of households relocated for each site, and the impact of this process on income	Resettlement of Local People
<b>413</b>	<b>Local communities</b>	
103	Approaches towards management	Interaction with Stakeholders
413-1	Percentage of divisions with community engagement programs implemented	Interaction with Stakeholders
413-2	Divisions with significant actual and potential negative impact on local communities	None
MM9	The sites of the company where the resettlement took place, the number of households relocated for each site, and the impact of this process on income	Promoting Agriculture and Employment of Indigenous People in West Africa



Reporting Elements for GRI Standards and GRI Applications, Mining and Metallurgy Industry		Where in the report/comments
<b>414</b>	<b>Suppliers' social assessment</b>	
414-1	Percentage of new suppliers evaluated using social criteria	Ethical Business Conduct and Fight against Corruption
<b>415</b>	<b>State politics</b>	
415-1	Monetary value of organisation donations for political purposes	None
<b>416</b>	<b>Customers' health and safety</b>	Not applicable. Finished products are environmentally friendly.
<b>417</b>	<b>Marketing and labeling</b>	Not applicable. Mining production is a Dore alloy that is not labelled in any way.
<b>418</b>	<b>Consumer privacy</b>	Not applicable. Legal entities are the consumers (clients) of Nordgold.
<b>419</b>	<b>Compliance with legal requirements in the socio-economic sphere</b>	
103	Approaches towards management	Interaction with stakeholders; Approaches to Occupational Health and Safety Management
419-1	Non-compliance with laws and regulations in the socio-economic sphere	There were no cases of significant non-compliance with legislation and regulatory requirements in the socio-economic sphere registered at Nordgold.

## Appendix 2

### Nordgold membership

#### Russia

- UN Global Compact Initiative on Corporate Sustainability
- The Board of Trustees for the Subsurface Management Appraisal Association of the Russian-Guinea Intergovernmental Economic, Technological and Trade Committee
- Non-commercial partnership Self-regulatory organisation Association of Builders of the Amur Region (Berezitovy mine)
- Association Regional Industrial Association of Employers Self-regulatory organisation "Union of builders of Yakutia" (Neryungri-Metallic)
- Association "BaykalRegionProjekt" (Buryatzoloto)
- Non-commercial partnership International Building Association (Buryatzoloto)

#### Kazakhstan (Suzdal mine)

- National Chamber of Entrepreneurs

#### Guinea (Lefa mine)

- The National Chamber of Mines
- Prefectural Development Council (CPD)
- Local development found (FODEL)
- Employers' Confederation of Enterprises of Guinea (CPEG)

#### Burkina Faso

- The Chamber of Mines of Burkina Faso (Taparko and Bissa mines)
- The North Central Regional Advisory Framework (Taparko and Bissa mines)
- Extractive Industries Transparency Initiative ITIE (Taparko and Bissa mine)
- The Namentenga province consultative framework (Taparko mine)
- Municipal councils of Yalگو, Bouroum , Nagbingou and Coalla (Taparko mine)
- Consultative framework of Yalگو, Bouroum, Nagbingou, Yéou (Taparko mine)
- The Lagmè Zilma association (Namentenga) (Taparko mine)
- Member of the Steering Committee of the Extractive Industries Transparency Initiative (EITI) (Bissa mine)

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The Corporate Social Responsibility and Sustainable Development Report was presented to the members of Safety and Sustainable Development Committee and noted. After a careful discussion the report was approved by Safety and Sustainable Development Committee.

To request additional information on the report's subject, as well as to express your views on this publication and make your suggestions for improving Nordgold's non-financial reporting, please send a message to [sustainability@nordgold.com](mailto:sustainability@nordgold.com) or contact corporate communications manager Anastasia Viazovtceva ([as.viazovtceva@nordgold.com](mailto:as.viazovtceva@nordgold.com)).

