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**Intergovernmental Working Group of Experts on  
International  
Standards of Accounting and Reporting  
(ISAR)**

**36th SESSION**

30 October – 1 November 2019  
Room XIX, Palais des Nations, Geneva

Thursday, 31 October 2019  
Morning Session

**Agenda item 3. Practical implementation, including  
measurement, of core indicators for entity reporting on the  
contribution towards the attainment of the Sustainable  
Development Goals: Review of case studies**

Presented by

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**NORNICKEL**



## **CASE STUDY: REPORTING BY NORNICKEL (RUSSIA) ON ITS CONTRIBUTION TO IMPLEMENTING THE SDG AGENDA IN LINE WITH THE GUIDANCE ON CORE INDICATORS**

2019

**PILOT PROJECT BASED ON THE 2018 SUSTAINABILITY REPORT**

# Nornickel today

**74,926**

employees in four Russian regions

**115.6**

billion roubles

tax and non-tax payments to budgets of various levels



**No. 1**  
nickel  
producer



**No. 1**  
palladium  
producer

0.7% of Russia's GDP

2.6% of the national industrial output

11.4% of metals production

2.6% of Russia's exports



# Key products

**Nickel, cobalt, copper, palladium, platinum, rhodium**, as well as iridium, ruthenium, silver, gold, selenium, tellurium, sulphur, sodium sulphate, and sodium chloride.

Nornickel supplies its products to **34** countries



In terms of sustainable development, the most promising application areas for Nornickel metals include **lithium-ion batteries, electric engines for vehicles, hydrogen fuel cells, and healthcare.**

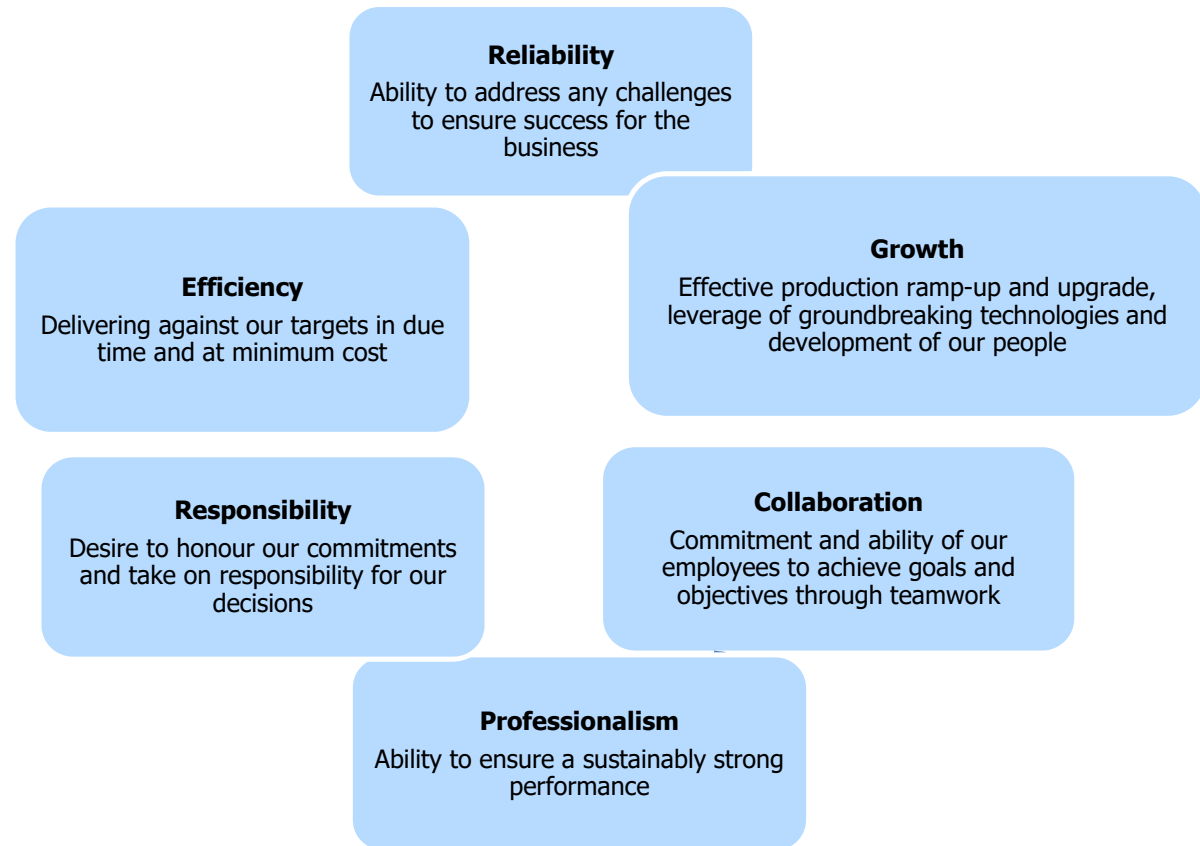
# Nornickel's mission and values



## Our mission

Through the efficient use of natural resources and equity, we supply mankind with non-ferrous metals, which make the world a more reliable place to live in and help people fulfil their aspirations for development and technological progress.

## Corporate values





# Nornickel's strategic goals



In 2018–2022,  
Nornickel will . . .



■ ■ ■ become greener and help others improve their environmental impact



■ ■ ■ commence a new investment cycle to secure sustainable development and build a platform for future growth



■ ■ ■ continue generating long-term value for shareholders

# Nornickel's strategy is aligned with Russia's national priorities



Russia's national priorities

Nornickel

**Environment protection**

**No. 1** by green investments among Russian M&M companies

**Social development**

**USD 200–250 mln**

Annual investments in charitable, sports, and social projects

**Investment**

**USD 10.5–11.5 billion**

Company's expected investment in Russia in 2019–2022

- SO<sub>2</sub> emissions decreased by 11% and 30% at Polar Division and Kola MMC, respectively
- The strategic objective for 2023 is to reduce SO<sub>2</sub> emissions by 75% at Polar Division as part of the environmental programme
- The 2020 target is to halve SO<sub>2</sub> emissions in Nickel and Zapolyarny (Kola Peninsula)
- Bystrinsky GOK, the new greenfield project in the Trans-Baikal Territory, fully meets the latest environmental requirements
- An ongoing environmental marathon is implemented as part of Nornickel's corporate volunteer programme

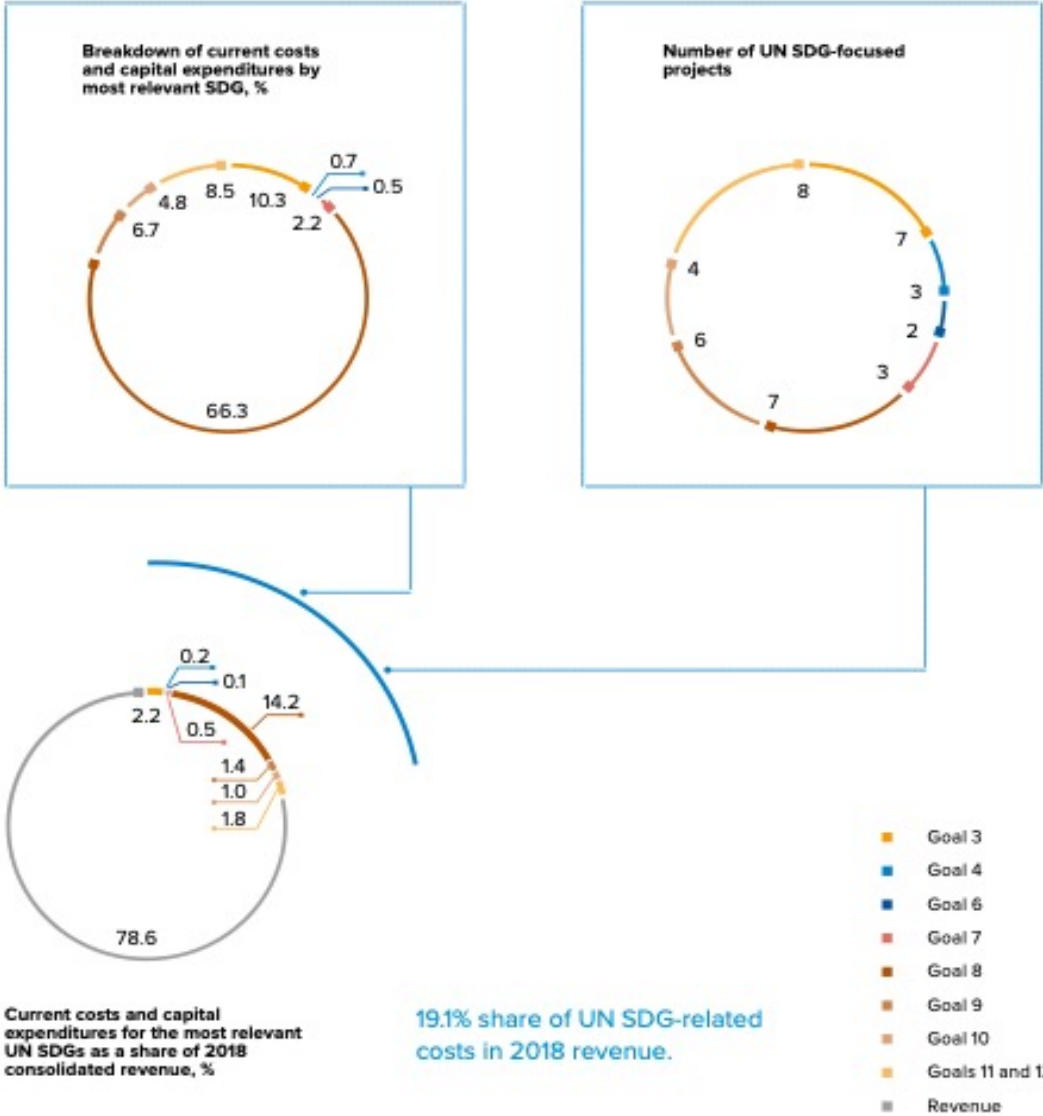
# Integrating SDGs into Nornickel's strategy



- 2016: the Company's performance indicators across the main areas of sustainable development were disclosed against the relevant UN SDGs
- 2017: the Company's goals across the main areas of sustainable development were disclosed against the relevant UN SDGs
- 2018: based on recommendations of international organisations and initiatives (including the UN Global Compact), Nornickel's operations were reviewed against the UN SDGs (and related targets) most relevant for the Company
- 2019: planned steps include analysis of the Company's risks and opportunities related to the UN SDGs, approval of priorities, adoption of the programme to integrate the UN SDGs into the Company's strategy and operations
- 2020 and beyond: programme implementation



# SDG-focused investments in 2018



# Goals of the pilot project

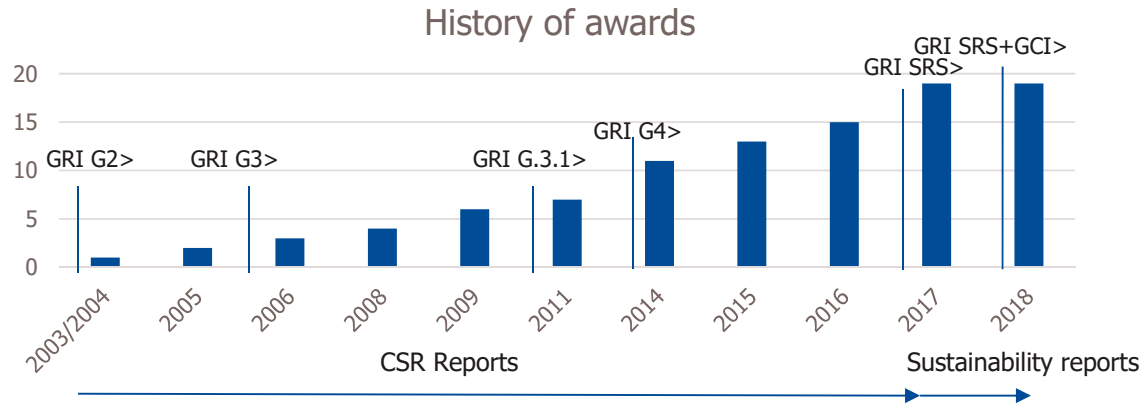


Nornickel joined the UNCTAD pilot project to report on its contribution to implementing the SDG agenda based on the Guidance on Core indicators (GCI) for entity reporting on the contribution towards the attainment of the Sustainable Development Goals proposed by UNCTAD (19 October 2018).

Nornickel joined the project:

- to support the UN efforts towards achieving the SDGs and promote SDG reporting,
- to demonstrate the ability of business entities to report on their SDG activity based on the GCI,
- to improve the GCI quality,
- to demonstrate its leadership in sustainability reporting.

# Leadership programme in non-financial reporting in 2003–2018: from social to sustainability and SDG reporting

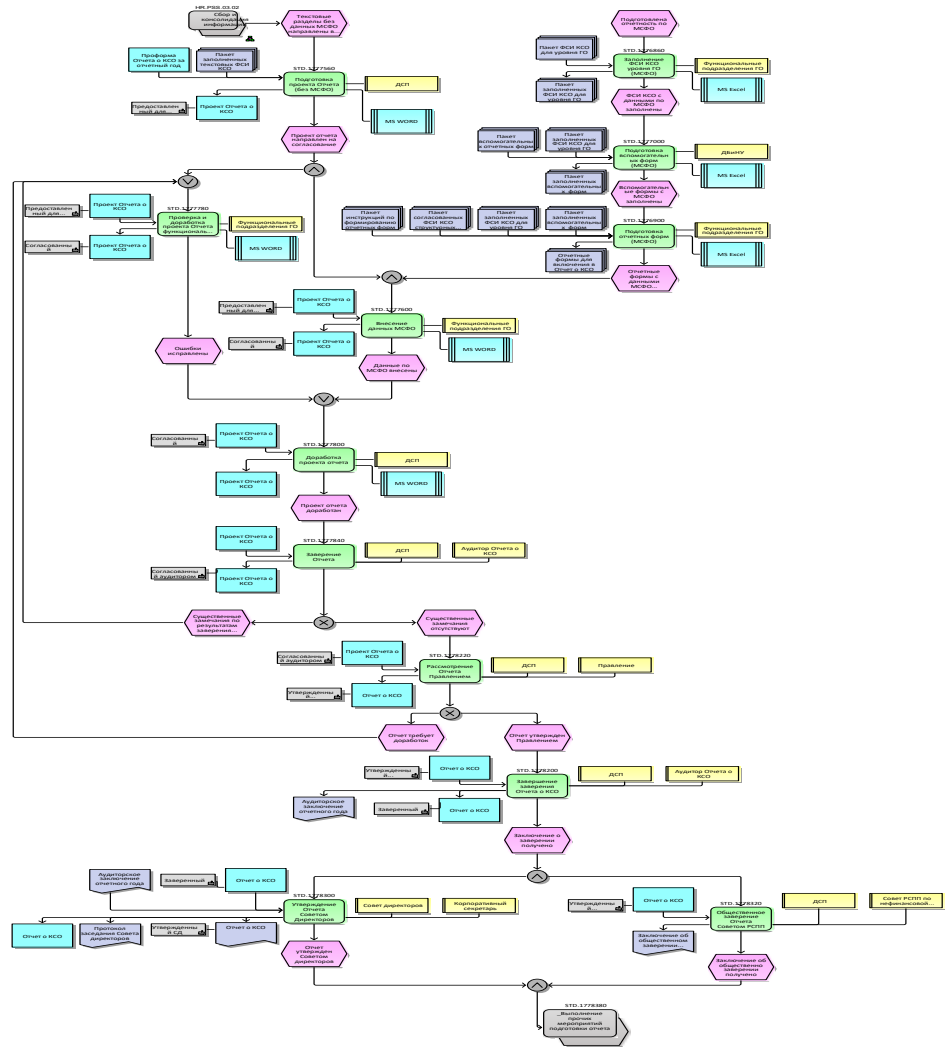


# Sustainability reporting framework



## Responsibility allocation by business process

Subject of business process	Responsibility
The Board of Directors The Audit and Sustainability Committee of the Board of Directors The Management Board	Control and approval
Senior Vice President	Organisation of the business process and monitoring of its execution
Social Policy Department	Organisational support for the implementation of the business process
Working group of sustainability reporting	Collection, consolidation and analysis of information
Owners of main business processes at Nor Nickel	Preparation and control of information for sustainability reporting
IT Department	Support of the automated sustainability reporting system (SAP DM)
Auditor	Independence assurance of the sustainability report
Key stakeholders	Participation in prioritising material topics for the sustainability report







## Report highlights

Reporting standards applied	GRI SRSs (comprehensive) GRI Mining and Metals Sector Supplement Accountability AA 1000 AP (2018) Accountability AA 1000 SES (2015) IFRS (for main financial indicators)
UN Global Compact requirements	Progress report
Assurance standards used by the independent auditor (FBK Grant Thornton)	ISAE 3000 Accountability AA 1000 AS (2008)
GRI Material topics	20 (4 - economic, 10 - social, 6 – environmental)
GRI Disclosures	50 – full, 4 – partial
GCI Indicators	25 – full, 7 – partial

# GCI disclosure in 2018 Sustainability Report



## Appendix 5 UNCTAD indicators

UNCTAD indicator		Page	Disclosure status	Information/comments														
<b>A Economic indicators</b>																		
A.1 Revenue and/or (net) added value	A.1.1: revenue	56	Disclosed	–														
	A.1.2: added value	–	Disclosed	RUB 506,162 mln														
	A.1.3: net added value	–	Disclosed	RUB 462,808 mln														
A.2 Payments to the Government	A.2.1: taxes and other payments to the Government	121	Disclosed	VAT is not included in taxes since this tax is indirect and actually paid by end consumers of products and services rather than by the reporting entity. VAT is also excluded from the calculation of profit (loss) and is not disclosed in the Income Statement														
				<table border="1"> <thead> <tr> <th></th> <th>RUB bn</th> </tr> </thead> <tbody> <tr> <td></td> <td>Total for 2018</td> </tr> <tr> <td>Income tax</td> <td>49.9</td> </tr> <tr> <td>Insurance contributions</td> <td>25.9</td> </tr> <tr> <td>Property tax</td> <td>6.1</td> </tr> <tr> <td>Others</td> <td>33.7</td> </tr> <tr> <td>Total</td> <td>115.6</td> </tr> </tbody> </table>		RUB bn		Total for 2018	Income tax	49.9	Insurance contributions	25.9	Property tax	6.1	Others	33.7	Total	115.6
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Total	115.6																	
A.3 New investment/expenditures	A.3.1: green investment	104	Disclosed	The expenditures in question make 4.45% of the Company's consolidated revenue for 2018														
	A.3.2: community investment	121	Disclosed	The expenditures in question make 4.2% of the Company's consolidated revenue for 2018														

## Pilot project results: progress in GCI disclosure



Level of disclosure	2017	2018
Full	7	25
Partial	20	7
None	6	1

# What has been done to disclose GCI indicators



Status of information needed for the 2018 sustainability report	Activity to produce GCI	Number of GCIs
The indicator has been covered by the GRI sustainability report	Give a link to the GRI indicator	11
The information about the indicator is available and can be sourced from the accounting system or internal reporting	Make an additional query and/or consolidate data	2
The information needed to disclose the indicator has been collected as part of the GRI sustainability report preparation	Make additional calculations and/or disclosure	19
Not needed (the indicator is not included in the 2018 Sustainability Report)	None	1
Total		33

# Conclusion



- The GCI is an important tool to promote business reporting on the contribution towards the achievement of the SDGs
- The GCI is based on sustainability reporting frameworks most widely used across the globe (in particular, the GRI), so for advanced GRI users, the disclosure of GCIs does not present significant difficulties
- Based on the pilot project results, comments and suggestions as to the definition of the GCI (4 items) have been prepared, as well as the wording of the Guidance on Core Indicators (4 items)
- Nornickel plans to continue disclosing GCIs in subsequent sustainability reporting cycles



Thank you