

ABOUT NORILSK NICKEL GROUP

Norilsk Nickel Group, a diversified mining and metallurgical company, is the world's leading producer of palladium and nickel and a major global producer of platinum, copper, and other low carbon footprint metals.

In 2023, Norinickel was making changes to its strategic plans as it shifted its focus to the markets of friendly countries, reinvented logistics chains, and reviewed ongoing and new projects. Norinickel remains committed to its sustainability strategy and the UN Global Compact, integrating these key principles into its operations. Our key production, social, and environmental projects keep going full steam ahead. Norinickel's commitment to ongoing improvement, fulfilment of obligations, and exceptional transparency is reflected in its 20th sustainability report.



PRESIDENT'S LETTER

GRI 2-22

Dear colleagues,

I present to you Nornickel's 2023 Sustainability Report.

In November 2023, MMC Norilsk Nickel's Board of Directors approved the Sustainable Social Development Strategy through 2030. The strategy covers four areas: health and safety, talent management and corporate culture, development of technologies and products that help foster technological and social progress, and involvement in the lives of local communities and society at large. Thus, we reaffirm our sustainability priorities.

Employee health and safety is the No. 1 priority. Our focus extends to providing a positive work environment, where employees enjoy comfort, can pursue professional advancement, and align with the emergent needs of the future economy.

Zero fatalities at our assets remains our primary goal. Last year, we managed to keep the injury rate unchanged vs 2022. Fostering a safety culture is a key focus for our team of professionals set to deliver fundamentals improvements in the way we manage health and safety. The Company has enhanced programmes designed to prevent workplace accidents.

In 2023, we continued with our major programme Made with Care to improve social and working conditions for employees. As part of it, the Company spent more than RUB 4.5 bn to upgrade public premises and amenity spaces.



In 2023, the Company increased salaries by 6.1%. In 2018–2022, salaries cumulatively went up by 62%, which is considerably above the inflation rate in this period.

Last year, we launched the Digital Investor incentive programme, the first of its kind, not only for Nornickel, but also for Russia at large. All employees that had been with the Company for more than a year received financial assets known as minetokens; equivalent to the price of Nornickel's shares, they entitle their holders to dividend-equivalent regular payments and proceeds from selling (or redeeming) their stake. The number of minetokens depends on the employee's length of service.

The Company places a special emphasis on its social strategy in the regions of operation. Last year, Nornickel progressed with a comprehensive plan to renovate the Norilsk Industrial District, which covers all aspects of life in Norilsk. A project of this scale to revamp an entire city beyond the Arctic Circle is unprecedented worldwide. Norilsk has been designated as a pivotal hub in Russia's Arctic zone, set to reap the advantages of forthcoming economic and infrastructural initiatives.

Nornickel contributes to the progress of humanity through its innovative products and research aimed at tackling social challenges, such as drinking water shortage.

Nornickel is actively introducing cutting-edge technology that goes beyond production. Among other things, the Company is testing digital

construction systems at renovation sites in Norilsk. Together with our IT partners, we are developing a strategy to integrate existing solutions and new modules in a system for managing construction projects.

The autumn of 2023 saw the launch of Russia's largest environmental initiative – the Sulphur Programme at Nadezhda Metallurgical Plant, which aims to deliver drastic cuts in sulphur dioxide emissions in Norilsk. It is a flagship environmental project for Nornickel in the scope of the Clean Air federal project. With its phased ramp-up, the Company will be able to meet statutory requirements for cutting sulphur dioxide emissions from Nadezhda Metallurgical Plant substantially. Nornickel's total investments in the Sulphur Programme will exceed RUB 180 bn. For us, this project is a symbol of upholding our commitments, above all to people of Norilsk.

We continue collaborating with research organisations to monitor the environment in the regions where our sites are located. Last year, the Siberian Branch of the Russian Academy of Sciences completed the second season of the Big Scientific Expedition, a large-scale research programme organised to assess environment footprint. The expedition covered an area of over 71,000 km² and is the first research of this scale conducted in Russia in recent years. We assessed the state of aquatic biota and their habitat, as well as developing evidence-based recommendations for their restoration. The research data will create a foundation for a corporate system to manage biodiversity impact

while also providing a blueprint for relevant conservation and monitoring programmes.

We continue our efforts to improve the quality of life for local communities. Nornickel supports indigenous peoples of the North, respects their traditions and lifestyle, and protects their interests. In 2023, residents of the Tukhard settlement were presented with a master plan for the new settlement. This project has been a unique experience of developing territories of indigenous peoples in the Arctic, modelling the path for renovating other settlements in remote parts of the Russian North. The proposed project features technologies and convenience, with its spacious houses, advanced utility systems, a landscaped embankment, a central square with leisure areas, community and fitness facilities, and all-season playgrounds and outdoor gyms sheltered from wind.

In 2023, Nornickel has reiterated unwavering dedication to its sustainability priorities, despite the flux of global trends and circumstances. This is the path that we consistently pursue, along with a focus on full transparency: in 2023, the Company released three new reports: [Climate Change Report](#), [Human Rights Report](#), and [Responsible Supply Chain Report](#). Our commitment to this approach will steadfastly continue through 2024.

Vladimir Potanin,
President and Chairman of MMC
Norilsk Nickel's Management Board

CHAIRMAN'S LETTER

GRI 2-22



Dear colleagues,

In 2023, Nornickel broadened the scope of its endeavours in key areas of sustainable development. Recognition of our commitment came in the form of top-tier industry rankings and distinguished professional awards.

For example, Nornickel was named the first-degree laureate of the national Responsible Business Leadership award. Experts commended the Company's 2035 renovation programme for Norilsk, securing us an award in the Contribution to Sustainable Development of Territories category. We embarked on an ambitious initiative to revitalise the urban landscape of the Arctic fundamentally, ranging from housing and community amenities to improving public spaces and overhauling the transport infrastructure. We are especially proud to see best practices of Norilsk reflected in master plans for the key cities and towns in the Arctic, which were approved by the Russian Government in 2023.

The first stage of Nornickel's Sulphur Programme launched in autumn 2023, also won the Responsible Business Leadership national award in the Contribution to Addressing Strategic Environmental and Climate Challenges category.

The Clean Norilsk initiative, designed to clear the remnants of Soviet-era industrial waste, was honoured as the Best Project in the Russian Arctic.

Nornickel actively engages with all stakeholders to develop sustainable solutions and approaches that are thoughtful, balanced, and optimised. For example, by running one of Russia's largest programmes to support indigenous peoples, Nornickel is guided by the "Nothing about us without us" idea of respecting the interests and needs of indigenous minorities. Correspondingly, programme activities were conceived in consultations with local communities and following an ethnographic expert analysis.

Partnerships with government-run and research facilities, along with a focus on innovations and digital technologies, have once again proved an effective tool in implementing the corporate sustainability agenda. By teaming up with leading research organisations, Nornickel can successfully identify both risks and opportunities related to climate change. Reliance on digital technologies helps improve the Company's occupational health and safety management system.

MMC Norilsk Nickel's Board of Directors views sustainability as one of the top priorities on its agenda. Board composition meets the Moscow Exchange's listing rules and is aligned with the Corporate Governance Code recommended by the Bank of Russia. Nornickel's corporate governance framework is designed to take into account and balance the interests

of shareholders, the Board of Directors, management, employees, and other stakeholders.

In 2023, the Board's Sustainable Development and Climate Change Committee reviewed a number of key sustainability projects. Among other things, the Committee reviewed and approved Nornickel's Sustainable Social Development Strategy and updated the Environmental and Climate Change Strategy to reflect recent geopolitical developments and new challenges. The Committee looked into potential scenarios for the Company's in-house power generation through 2050, focusing on low-carbon technologies. It presented strategic guidelines for the Carbon Neutrality Strategy and integration of ESG metrics into the Company's risk appetite. The Committee was also actively involved in preparing the [2022 Sustainability Report and the Company's first standalone reports](#) dedicated to specific areas of focus.

We take pride in asserting that today the Company has established a sustainability culture that resonates with both its position as a leading metals and mining company, as well as the interests and values of contemporary society.

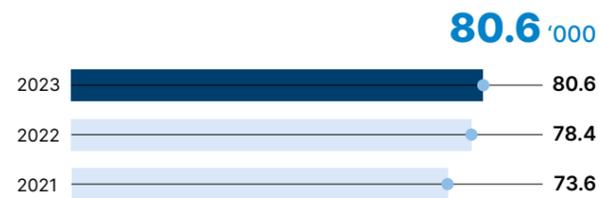
Andrey Bougrov,
Chairman of the Board of Directors

HIGHLIGHTS¹

Labour practices

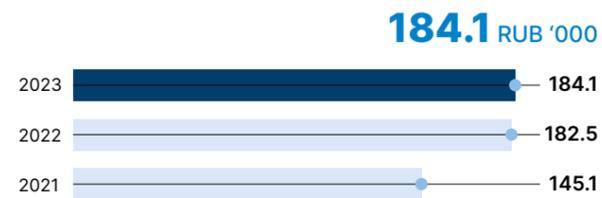
Employment

Nornickel's average headcount, ('000)



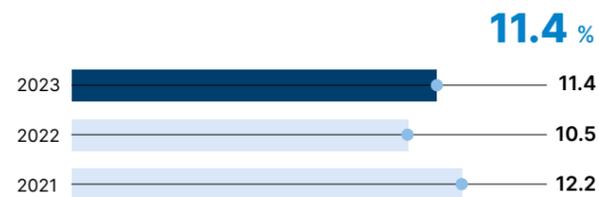
In 2023, the average headcount grew by 2.8%, resulting from our investment programme, expanded scope of works and services, organisational and technical changes.

Average monthly salary at Nornickel (RUB '000)



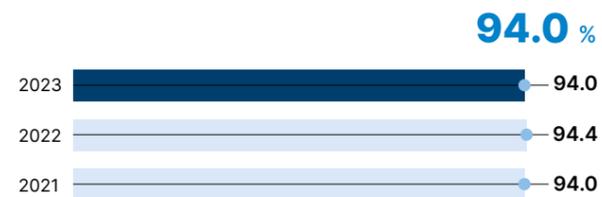
In 2023, the Company increased employee salaries by 6.1%. The monthly average pay at Nornickel is 2.5x the Russian average, standing at RUB 184,100.

Employee turnover %



By pursuing an effective human resources policy, the Company aims to reduce employee turnover, which rose marginally for 2023, among other things, driven by organisational and technical changes, to reach 11.4%.

Nornickel employees covered by collective bargaining agreements %

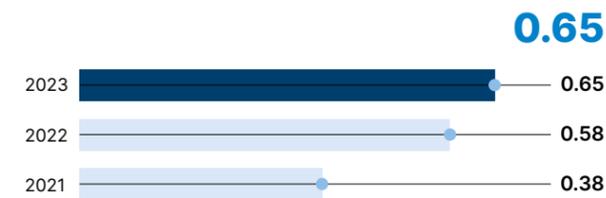


Nornickel respects the right of employees to enter into collective bargaining agreements, which currently cover the majority of the Group's personnel (over 94%).



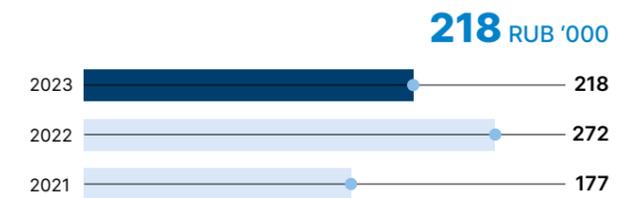
Health and safety

LTIFR



The increase in LTIFR is associated with a new approach to recording, classifying and investigating incidents at Nornickel.

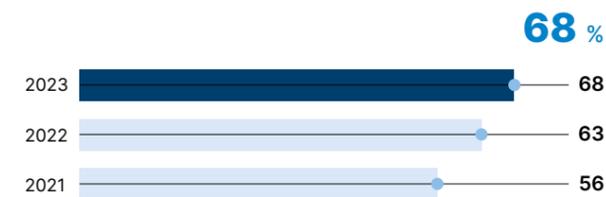
OHS expenses per employee (RUB '000)



The largest share of health and safety expenses came from purchasing personal protective equipment and making production facilities compliant with OHS requirements. Changes in this indicator, among other things, depend on the number and type of actual and planned activities to improve the OHS system during the reporting period.

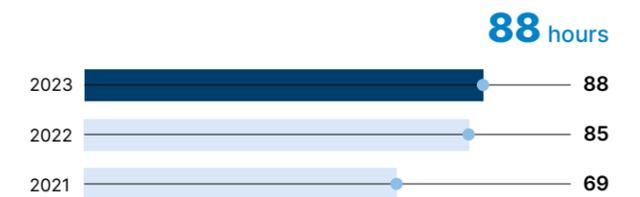
Human capital development

Employee engagement rate (%)



In 2021 to 2023, employee engagement has been improving on an annual basis, driven mostly by social protection that the Company guarantees through its extensive social benefits, along with respect and safety that all our employees enjoy.

Average annual training hours per employee (hours)



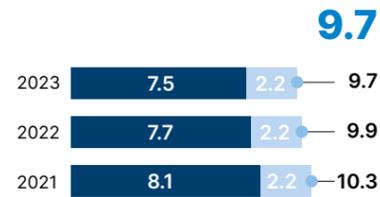
During the reporting year, we continued our training activities designed to improve critical, professional and managerial competencies of the employees, with the average annual training per employee going up by 3.5%.

¹ All intensity metrics are per RUB mln of IFRS revenue.

Environment

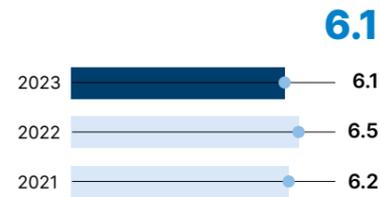
Climate change

GHG emissions (Scope 1 and 2)¹ mt of CO₂ equivalent



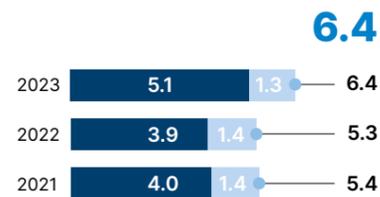
- Actual GHG emissions (Scope 1 and 2)
- Sulphur Programme GHG emissions provision

Actual GHG emissions intensity (Scope 1 and 2) t of CO₂ equivalent / RUB mln



In 2023, GHG emissions (Scope 1 and 2) were down by 2% as a result of higher energy efficiency, increased reliance on renewable energy (hydro power plants) in generation, and reduction in the volume of diesel fuel.

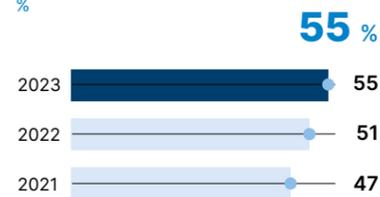
GHG emissions (Scope 3) mt of CO₂ equivalent



- Downstream
- Upstream

The key driver behind the higher Scope 3 (downstream) emissions in 2023 was a rise in the sales of semi-products (mainly iron ore concentrate from Bystrinsky GOK).

Share of renewables in electricity consumption %

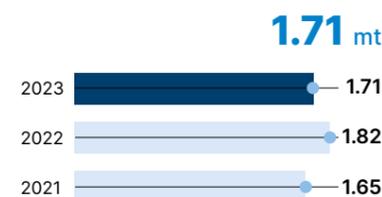


Projects to ramp up the use of renewables, achieve savings in fuel and energy consumption, and improve reliability of electricity and gas supplies helped increase the share of renewables in total electricity consumption.

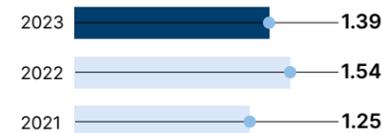
¹ Including a GHG emissions provision for the Sulphur Programme and GHG emissions generated from heat and electricity supply to the public.

Air

Air pollutant emissions mt



Air pollution intensity t / RUB mln

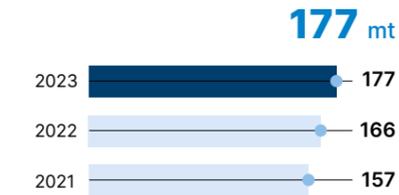


Air pollutant emissions were down by 6.1% vs 2022 as a result of the use of low-sulphur fuel at the Monchegorsk site and lower sulphur content in the concentrate fed to smelting facilities at Polar Division.



Waste

Waste generation mt

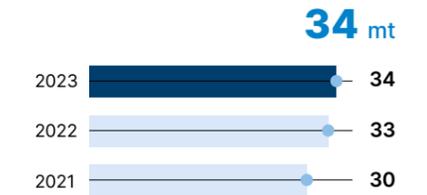


Waste generation in 2023 was up by 6.6% associated with the development of a new Mokulaevskoye limestone deposit.

Waste generation intensity kt / RUB mln



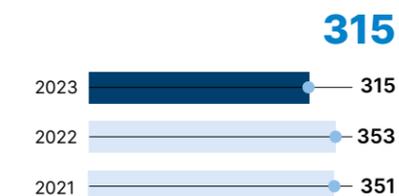
Waste recovery mt



In order to increase its waste recovery, Norinickel implements projects to process construction waste into certified crushed stone, sort waste in Monchegorsk, and transfer waste to third parties for recovery.

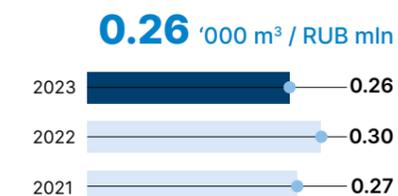
Water use

Total water withdrawal m³

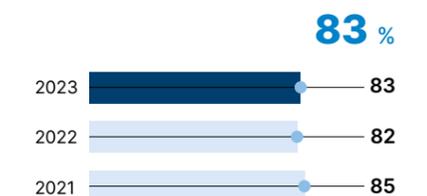


Total water withdrawal declined by 10.8% y-o-y following the introduction of automated power consumption metering for commercial purposes, water conservation, and reduction in the withdrawal of water used for HPP equipment cooling.

Water withdrawal intensity '000 m³ / RUB mln



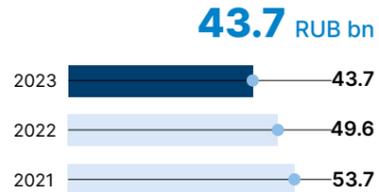
Share of water reused and recycled %



The Company's key production assets have a closed waster circuit to make sure water withdrawal remains fairly low.

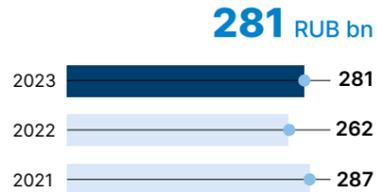
Development of regions and local communities

Spending on social programmes, charity, and social infrastructure¹, RUB bn



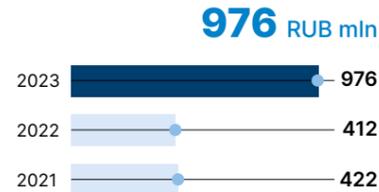
Nornickel's expenditure on charity and social projects, social programmes and benefits for its employees accounted for 3.5% of the Group's revenue for 2023.

Tax and non-tax payments to budgets of various levels, RUB bn



The changes in tax and non-tax payments in 2023 were associated with the introduction of export customs duties, windfall tax payment, and higher insurance payments and personal income tax.

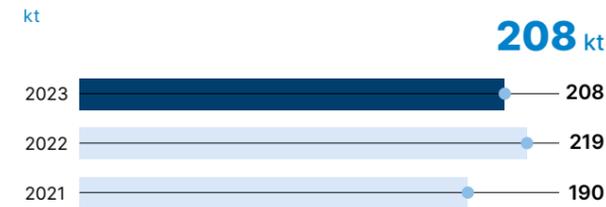
Support for indigenous Northern minorities, RUB mln



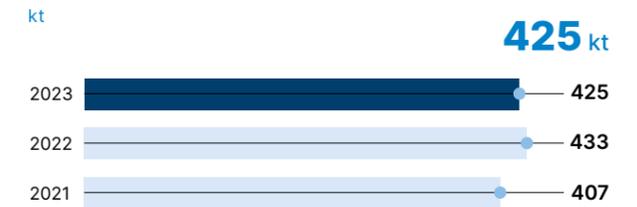
Nornickel continues to support indigenous peoples. In 2023, this expense item increased, as the Company constructed new facilities for them.

Operational performance¹

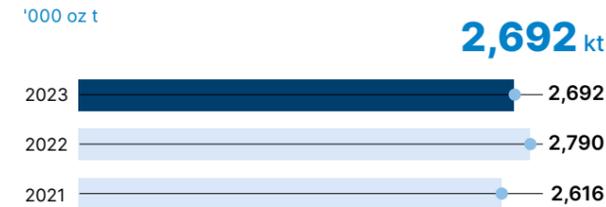
Production of nickel (from the Company's own feedstock)



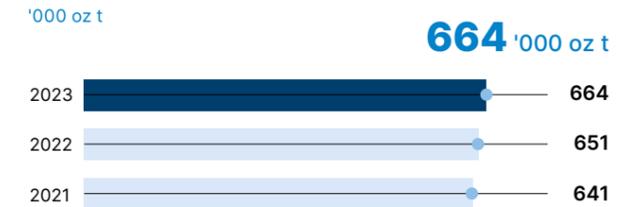
Production of copper (from the Company's own feedstock)



Production of palladium (from the Company's own feedstock)



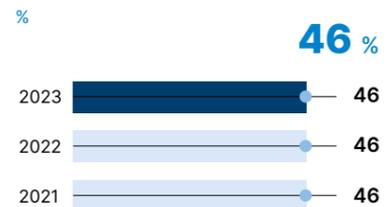
Production of platinum (from the Company's own feedstock)



In 2023, Nornickel marginally reduced the output of all metals except platinum, attributable to a temporary decline in the extraction of rich cupriferous ore, associated with transition to new mining machinery.

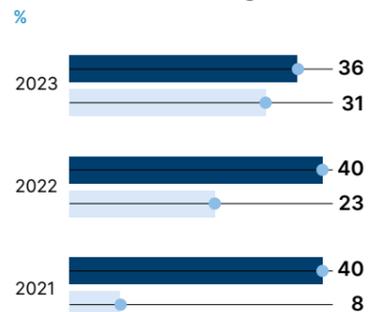
Corporate governance

Percentage of independent directors on the Board of Directors

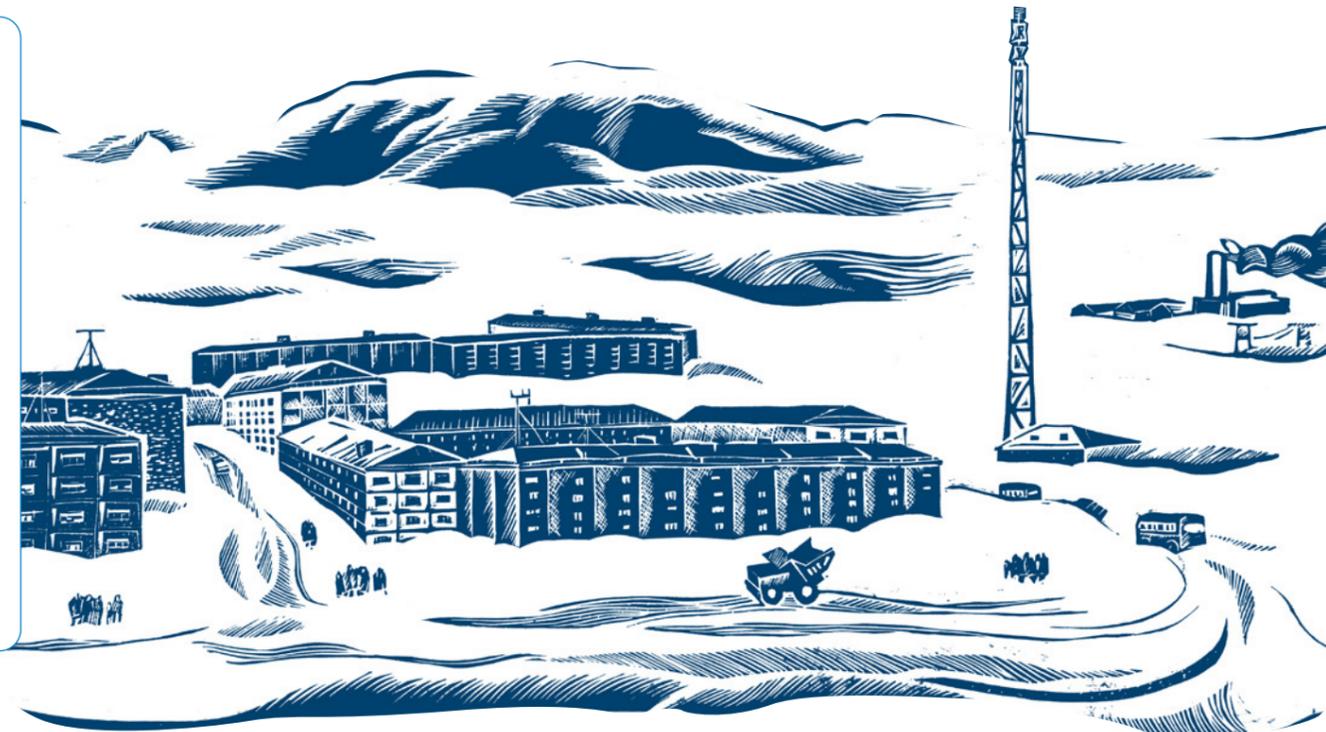


The Board of Directors is well-balanced in terms of independence of its members, contributing to effective decision-making that aligns with the highest global standards and caters to the interests of varied stakeholders.

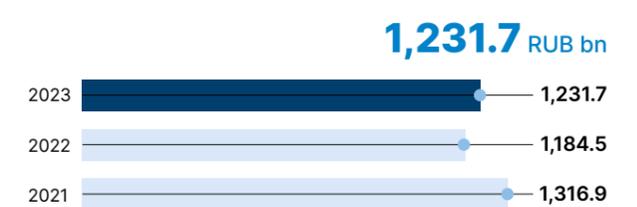
Percentage of women on the Board of Directors and Management Board



- Percentage of women on the Management Board, %
- Percentage of women on the Board of Directors, %



Revenue



In 2023, Nornickel sold all of its output and some of the metal stocks accumulated in 2022.

¹ Group data, including foreign companies of Kola Division.

¹ Excluding contingent liabilities in relation to future social projects.

NORILSK NICKEL GROUP PROFILE

GRI 2-1, 2-6

Norilsk Nickel Group is a diversified mining and metals holding company, the world's leading producer of palladium and metallic nickel and a major global producer of platinum, copper, and other low carbon footprint metals essential for the low-carbon economy and green transport.



Nornickel's products

Ni Nickel

Pd Palladium

Pt Platinum

Rh Rhodium

Cu Copper

Co Cobalt

Au Gold

Ag Silver

S Sulphur

Te Tellurium

Se Selenium

Ru Ruthenium

Ir Iridium

Position in the industry

Nornickel is the largest group of companies in the Russian Arctic. Its companies serve as a mainstay of local economies at five cities and towns: Norilsk, Dudinka, Monchegorsk, and Zapolyarny.

Reserves-to-production ratio at the current production level

> 70 years
(Norilsk and Kola Divisions)

> 20 years
(Trans-Baikal Division)

28 countries receive supplies of Nornickel's products

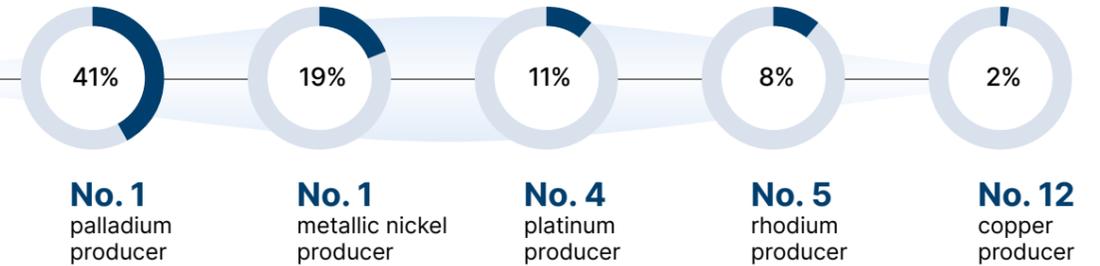
376 customers from across the globe

Proven and probable ore reserves¹

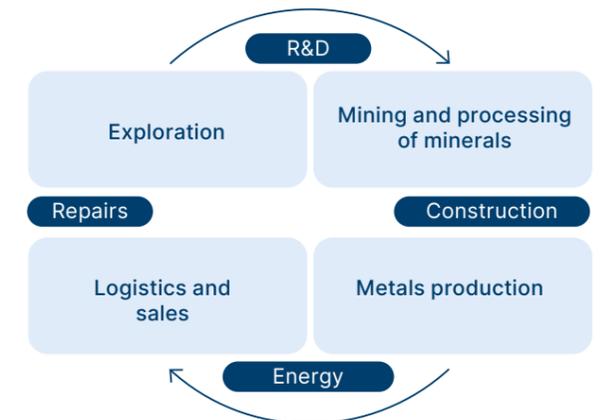
1 267 mt
Norilsk and Kola Divisions

283 mt
Trans-Baikal Division

Position in the industry²



Nornickel's competitive strength is its vertical integration, including a unique mineral resource base, full production cycle, from ore mining to refining, along with its own energy, transportation, and production support assets, as well as R&D capabilities.



¹ The key changes are driven by increased disseminated ore prices as compared to refining costs following macroeconomic outlook adjustments. The decline in proven rich ore reserves is attributable to developing deposits.

² For palladium, platinum, and rhodium markets – in terms of refined metals production (including tolling arrangements), for the copper market – in terms of mining (globally). Nickel market position includes data on metallic nickel production.

Nornickel's contribution to the International Cooperation and Exports national project

Relevant UN SDGs



Related federal projects

Industrial Exports

International Trade and Logistics

Nornickel's key business areas

Metal product exports

Development of the ice-breaking fleet and transportation along the Northern Sea Route

Transport accessibility in far-flung regions¹



Norilsk Nickel Group

As at the end of 2023, Nornickel Group comprised over 90 business units¹. Part of Group companies and branches were clustered into five main divisions responsible for operating and support activities: Norilsk, Kola, Trans-Baikal, Energy, and Sales.

The Group has its production facilities in Russia (the Norilsk Industrial District, Kola Peninsula, and Trans-Baikal Territory) and Finland.

MMC Norilsk Nickel's Head Office is located in Moscow. Head Office employees are also based in St Petersburg and Norilsk

¹ For more details, please see the [Transport Accessibility in Remote Locations](#) section.

¹ Including Russian and international business units.

Core companies and business units



NORILSK DIVISION



KOLA DIVISION

 Taimyr Peninsula, north of the Krasnoyarsk Territory, Russia

 The Company's key production asset comprising deposit development and full metals production cycle from mining of rich, cupriferous, disseminated copper-nickel sulphide ores to manufacturing of end products

 Oktyabrskoye and Talnakhskoye deposits (Taimyrsky, Oktyabrsky, Komsomolsky, Skalisty, and Mayak mines), Norilsk-1 deposit (Zapolyarny Mine), as well as nonmetallic deposits (Ozero Lesnoye, Gorozubovskoye, Kayerkanskoye, Mokulaevskoye, and Gribovskoye), development projects (Maslovskoye and the Western flank of the Oktyabrskoye deposit), and high-potential areas (Yuzhno-Norilskaya, Mikchagdinskaya, and Arylakhskaya)

 Mined ore is processed at Talnakh and Norilsk Concentrators and transportation of thickened concentrates via slurry pipelines to Nadezhda Metallurgical Plant, where copper-nickel concentrate, copper in semi-products from the Kola Division's Concentrator and gold concentrate from the Trans-Baikal Division are also processed

Production of high-grade nickel matte sent to Kola MMC, copper cathodes, commercial sulphur, selenium, precious metal concentrate

Division's key facilities

- Polar Division of MMC Norilsk Nickel
- Medvezhy Ruchey

 Kola Peninsula (Murmansk Region) and Harjavalta (Finland)

 Development of deposits of the Western Ore Cluster, mining and further processing of disseminated copper-nickel sulphide ores

 Kotselvaara-Kammikivi, Semiletka, Zhdanovskoye, Zapolyarnoye, Bystrinskoye, Tundrovoye, Sputnik, and Verkhneye deposits

 **Kola MMC**

Processing of mined ore at Zapolyarny Concentrator; processing of Polar Division's high-grade matte in Monchegorsk

Production of sulphide concentrate supplied to the Norilsk Division and for sale

Nickel cathodes, nickel carbonyl, electrolytic cobalt and cobalt concentrate, precious metal concentrates, copper in semi-products to be processed at the Norilsk Division, crushed converter matte, sulphuric acid, and saleable copper and nickel concentrates

 **Norilsk Nickel Harjavalta**

Processing of the Group's Russian feedstock and third-party nickel feedstock. Harjavalta is the only nickel refinery in Finland and one of the largest similar facilities in Europe

Nickel cathodes, briquettes, salts, powders and solutions, cobalt sulphate and solution and PGM-bearing copper cakesent for processing to the Norilsk Division

Division's key facilities

- Kola MMC
- Norilsk Nickel Harjavalta OY



TRANS-BAIKAL DIVISION

Trans-Baikal Territory, Gazimuro-Zavodsky municipal district

Exploration, mining and further processing of gold-iron-copper ores

Bystrinskoye deposit, development projects (Bystrinsko-Shirinskoye and Bugdainskoye deposits, flanks of

Bystrinskoye deposit), and high-potential areas (Alenuyskaya, Shamyanskaya, Mostovskaya, and Dogyinskaya)

Processing of mined ore at Bystrinsky Concentrator

Sales of copper and iron ore concentrates, and shipment of gold concentrate to the Norilsk Division

Division's key facilities

- GRK Bystrinskoye



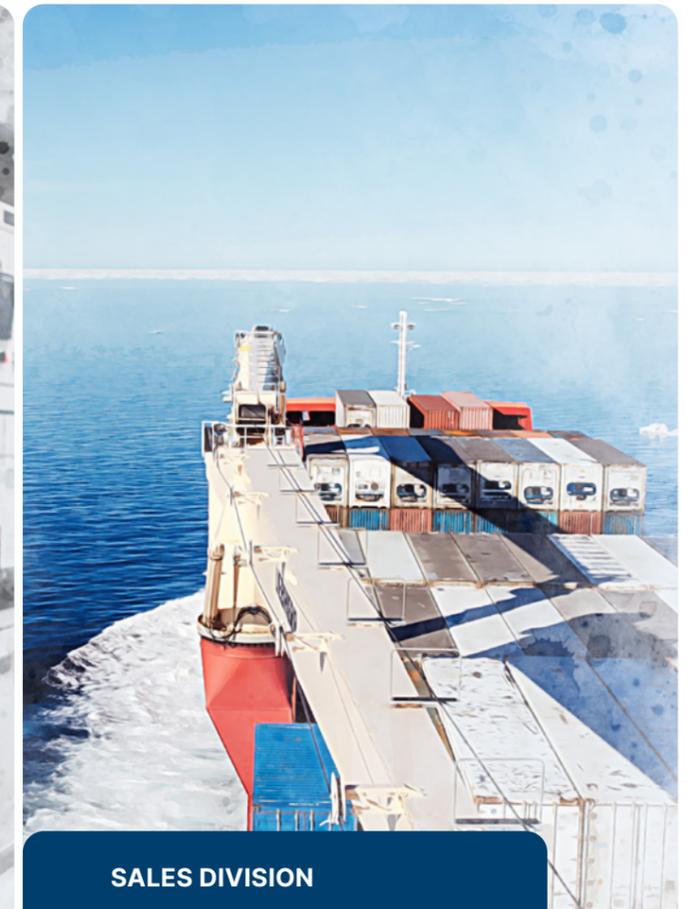
ENERGY DIVISION

Norilsk Industrial District

Generation of heat and electricity for the Company's production assets and other consumers, production of natural gas and gas concentrate, transportation, and organising the supplies and storage of light and dark petroleum products in the Far North

Division's key facilities

- NTEC
- Norilskgazprom
- Norilsktransgaz
- TFC



SALES DIVISION

Russia, Switzerland, China

Identifying distribution channels for the Company's products, sales of end and semi-products, building and developing customer base, ensuring customer satisfaction with the product and service quality, venturing into new sales areas, forms and markets, conducting R&D in science and technology and market environment studies

Division's key facilities

- NORMETIMPEX
- NN Marketing
- Palladium Centre
- Companies of international distribution network

For more details on deposits and the Group's business model, please see [MMC Norilsk Nickel's Annual Report for 2023](#).

Production chain

