



**Social risk**

The risk relates to increased tension among the workforce due to the deterioration of social and economic conditions in the Company's regions of operation.

- Risk effect: **medium.**
- Risk source: **combined.**
- Risk level change: **none**

**Key risk factors**

- Projects that have an impact on headcount/staffing;
- failure of some employees and/or third parties to share the Company's values;
- limited opportunities for annual wage indexation;
- dissemination of false and inaccurate information about the Company's plans and operations among the Group's employees;
- reallocation of spending on social programmes and charity

**Goals and strategic areas of the Company related to the risk**

- Social responsibility:
- partnership with regional and local authorities to develop social infrastructure required to create safe and comfortable living environment for local communities;
  - contribution to the professional and cultural development of employees and building of the talent pool in the regions of operation;
  - ongoing charity programmes and projects

**Key mitigants**

- To manage this risk, the Company:
- strictly abides by the collective bargaining agreements made between the Group's companies and employees (22 bargaining agreements in total);
  - interacts with regional and local authorities, and civil society institutions;
  - fulfils its social obligations under public-private partnership agreements;
  - runs programmes in accordance with its corporate social policy and the World of New Opportunities charitable programme to support and promote regional public initiatives, including those geared towards the indigenous peoples of the Taimyr Peninsula, and the Plant of Goodness corporate volunteering programme;
  - puts in place infrastructure to enable accelerated development and improved quality of life across the Company's regions of operation in cooperation with the Norilsk Development Agency, the Second School Centre for community initiatives in the Pechengsky District, and the Monchegorsk Development Agency;
  - implements regular social monitoring across the Group's operations;
  - conducts opinion polls among Norilsk's communities to learn more about their living standards, employment, migration trends and general social sentiment, and identify major challenges;
  - implements social projects and programmes aimed at supporting employees and their families, as well as the Company's former employees;
  - engages in dialogues with stakeholders and conduct opinion polls while preparing public sustainability reports of the Group;
  - implements a set of social support initiatives for the personnel facing redundancies as part of Kola MMC's social programmes and develops roadmaps for the social and economic development of the Pechengsky District

# TAX STRATEGY

GRI 207-1

## Approach to taxation

Nornickel strictly complies with all applicable tax laws of the Russian Federation and other countries of operation<sup>1</sup>, while also paying taxes and making other statutory budget payments in a full and timely manner.

The Tax Strategy Policy of Nornickel Group is the key document governing all taxation aspects, including operations of the tax function of MMC Norilsk Nickel and its subsidiaries and management of tax burden and risks.

Nornickel is committed to openness and transparency in its taxation aspects. The Company discloses relevant information for stakeholders on its corporate portal and takes a zero-tolerance approach to non-transparent corporate structures used for tax avoidance.

Group companies use market prices in their reports on intra-group transactions submitted for tax purposes. In line with the applicable transfer pricing laws, the Group complies with the basic

principles set out in the Organisation for Economic Cooperation and Development (OECD) Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations and follows the laws and regulations of Russia and other countries of operation.

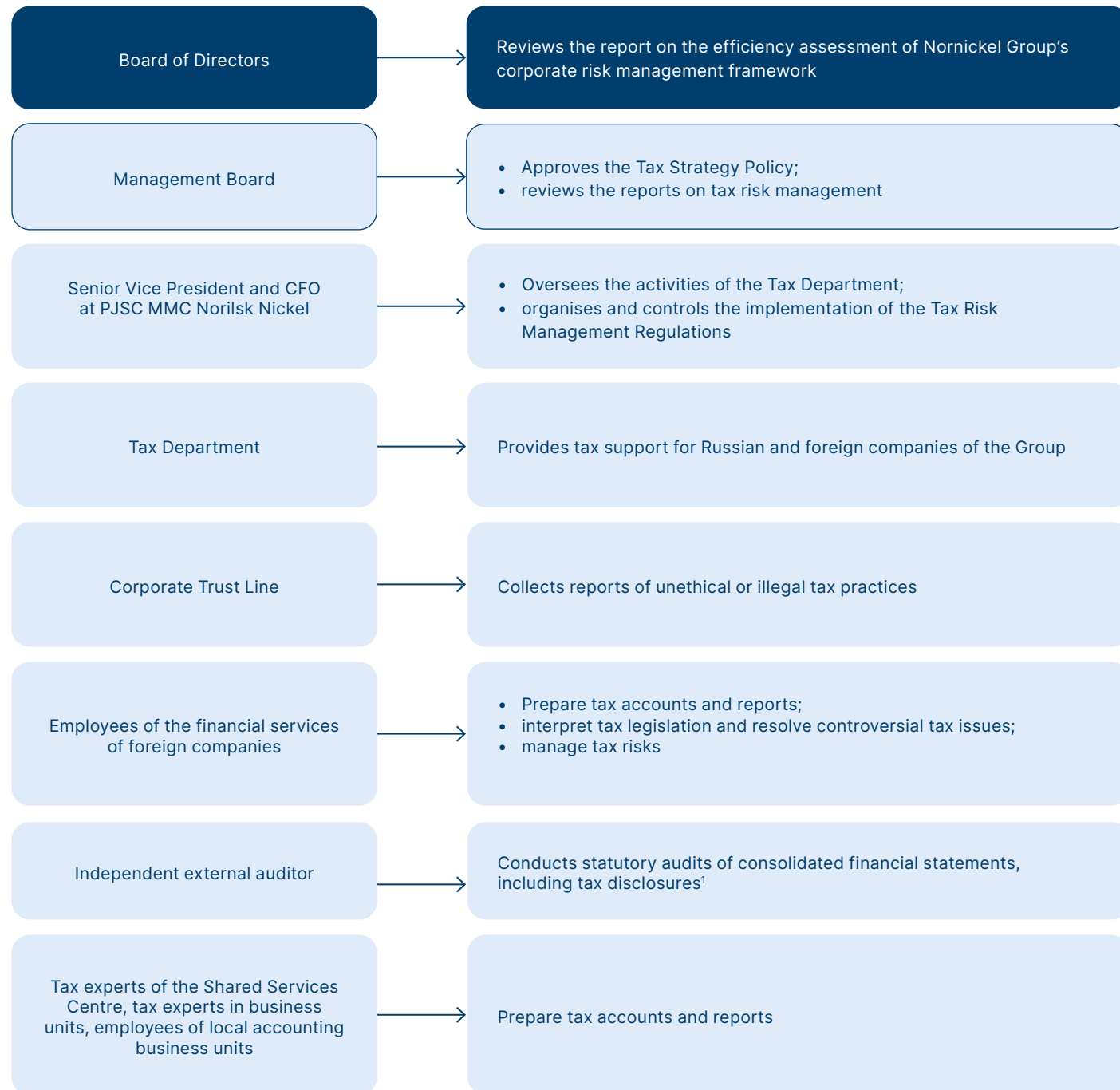
Nornickel takes a conservative approach to all controversial tax issues arising in all jurisdictions across the Group's footprint. The Group considers unacceptable any use of aggressive tax planning schemes.

<sup>1</sup> The Group's foreign entities interpret applicable tax legislation and resolve controversial tax issues independently.



# Tax management at Norilsk Nickel Group

GRI 2-9, 2-12, 2-13, 207-2



The tax strategy is developed and monitored by the Head of the Tax Department, who reports to Nornickel's Senior Vice President and CFO. The Company's Management Board approves the tax strategy and critical amendments made to the strategy from time to time.

The Tax Department prepares and communicates internal regulations (guidelines, explanations, information mails) based on the current legislation,

arbitration practice, regulatory clarifications and other circumstances. If necessary, the Tax Department requests specific clarifications from competent authorities or a reasoned opinion of the tax authority required for the companies participating in tax monitoring.

Additionally, the Tax Department is responsible for managing the tax risks of the Group's Russian entities. Tax reassessment and penalty cost

risk factors, contingent tax liabilities, and the opinion of an external auditor confirming the accuracy of tax information are presented in the [Consolidated Statements of the Company for 2023](#).

## Cooperation with tax authorities

GRI 207-3

The areas where the Group interacts with tax authorities include:

- exercising tax control;
- seeking clarifications on existing legislation;
- entering into pricing agreements.

Nornickel regularly interacts with tax authorities in the real-time mode through a tax monitoring system, which provides access to the Company's tax and accounting data.

In 2023, the tax monitoring platform evolved in terms of penetration within the Group, while also improving the user

friendliness of its interface, data quality and information exchange speed. This tool proves high automation of reporting and transparency of tax processes.

**>97%**  
of the Group's turnover monitored by tax authorities in real time since 2023

**60%**  
reduction in the number of tax audits

**2x**  
decrease in the number of document requests with corresponding time savings

<sup>1</sup> For more details, please see the [Consolidated Statements of the Company for 2023](#).