

# SUSTAINABILITY MANAGEMENT

GRI 2-24

To effectively support the achievement of the Company's strategic sustainability goals, Nornickel is implementing a sustainability management system.

The sustainability management system includes, but is not limited to:

- policies and statements<sup>1</sup> that set out the principles and approaches applicable to all of Nornickel Group's Russian business units;
- goals, objectives and targets set out in the Environmental and Climate Change Strategy through 2031 and the Sustainable Social Development Strategy through 2030 (for more details, please see the [Sustainable Development Strategy](#) section), KPIs for the top management, as well as roadmaps and other by-laws;
- split of responsibilities for areas of sustainable development;
- organisational and methodological activities of the Sustainable Development Department.

The split of responsibilities for sustainability within the Company is based on a matrix approach: specific

aspects of sustainable development fall within the remit of functional units of the Head Office, branches, and business units. Most of said aspects are supervised by the Management Board, Board of Directors and its committees; in particular, the [Sustainable Development and Climate Change Committee](#) takes part in regularly monitoring and overseeing relevant programmes and practices.

As the key unit responsible for sustainability, the Sustainable Development Department is responsible for a consistent approach to effectively running the sustainability management model, develops and implements systems for assessing the Company's compliance with relevant provisions of international and national standards and recommendations, as well as requirements set forth by leading associations, agencies, and other stakeholders. At the senior

executive level, the coordination of how policies and internal procedures on sustainability are actually implemented falls within the remit of the Vice President for Investor Relations and Sustainable Development.

In 2023, we updated the professional competency model for the sustainable development vertical, including divisions, and put together test questions to evaluate the knowledge of employees across all competencies. A testing exercise is planned for 2024.

Employees of Nornickel have started to view their daily work not only as a way to achieve production objectives, but also as their personal contribution to sustainable development goals.

This is largely due to our efforts to reach out to people, and to integrate ESG principles into the Company's operations and existing business processes.

We will continue engaging our colleagues and partners in environmental and social initiatives to foster our shared sustainable future.

**Irina Voronkova,**

Head of the Sustainability Management Department, Polar Division (length of service with the Company – 41 years)

## Sustainability-related KPIs of the top management

In 2023, sustainability-related indicators are included in Nornickel Group's annual team KPIs for the year. The priorities here are occupational health and safety and environmental protection. Respective indicators have a weight of 30% and 20%

respectively in team KPIs for the year 2023. Also, the Environmental Project Implementation indicator was selected as a KPI for the Long-Term Incentive Programme for the Group's Key Employees (total weight of 30%).

Period	The Group's annual team KPIs		Long-term KPIs
Focus area	Occupational health and safety	Environment	Ecology and environment
KPI weight	30%	20%	30%
KPI target	Achievement of the OHS plan depending on FIFR <sup>1</sup>	Reduction in GHG emissions and zero environmental incidents	Delivery of environmental projects

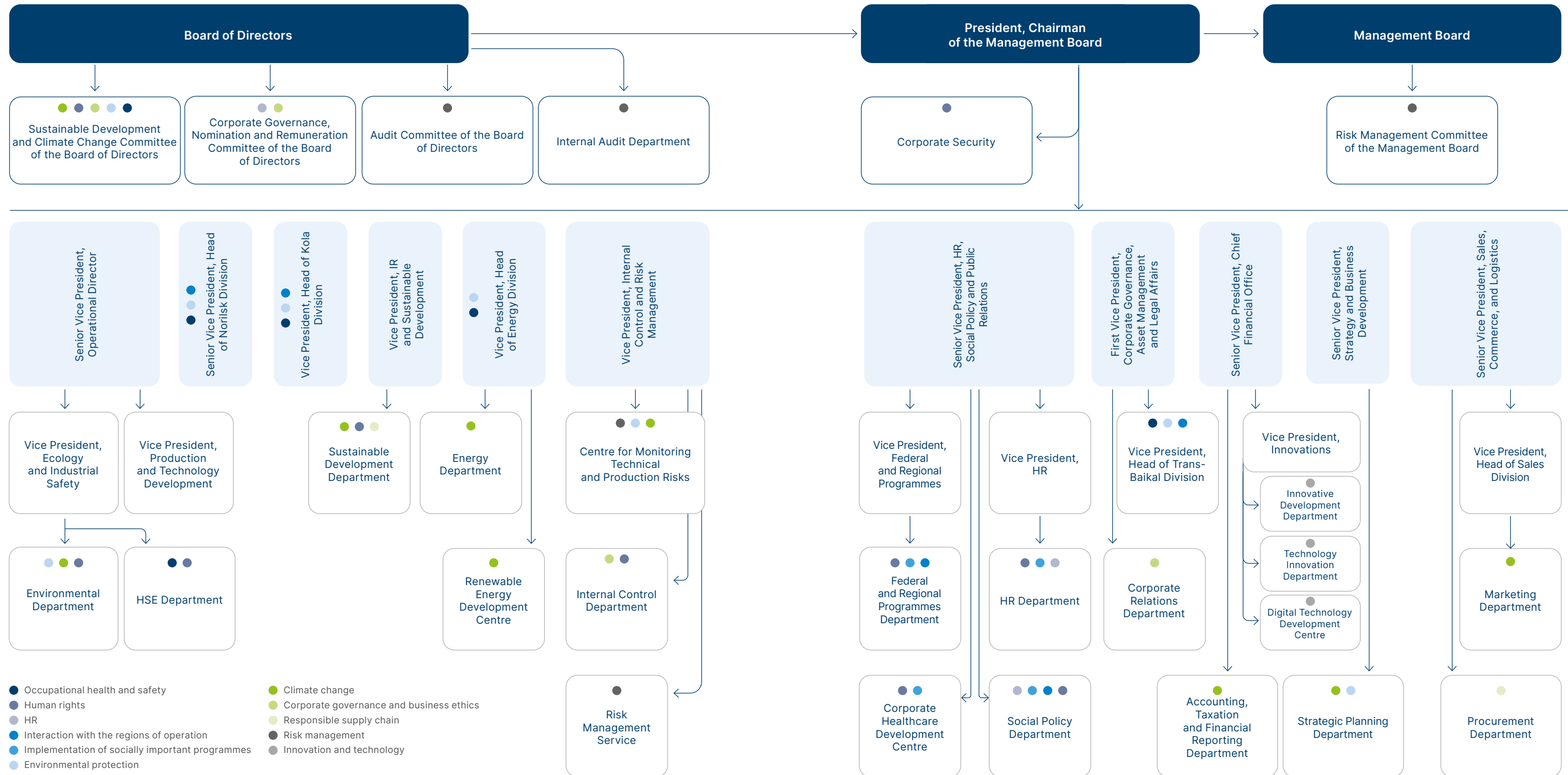
<sup>1</sup> The texts of the documents are available on the [Company's website](#).

<sup>1</sup> Fatal Injury Frequency Rate.



Split of responsibilities for key areas of sustainable development

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



# Compliance with Russian and international sustainability standards and initiatives

GRI 2-28

In its operations, Nornickel is guided by provisions of international and national standards, guidelines and initiatives on sustainability, implements new

approaches and mechanisms in this domain, and relies on, applies, and helps spread international and industry best practices.

## Participation in sustainability initiatives and compliance with sustainability standards

Initiative/standard	Status
<a href="#">UN Global Compact</a>	Member since 2016
<a href="#">Together for Sustainability (Tfs) initiative</a>	The Company meets the initiative's requirements based on results of a 2022 follow-up audit
<a href="#">International Platinum Group Metals Association (IPA)</a>	Member since 1999
<a href="#">Nickel Institute</a>	Member since 2005
<a href="#">Initiative for Responsible Mining Assurance (IRMA)</a>	The roadmap for compliance with international standards is in progress
<a href="#">ICMM Mining Principles</a>	
<a href="#">Global Battery Alliance (GBA)</a>	Member since 2021
<a href="#">London Metal Exchange (LME)</a>	In 2022, the Company provided the LME with its first ever RFA reports for 2021 (accepted by the LME). In 2023, the LME accepted the Company's 2022 RFA reports
Extractive Industries Transparency Initiative (EITI)	The Company has been disclosing data under the EITI since 2021
Global Reporting Initiative (GRI)	Annual reporting in line with the <a href="#">GRI Standards</a>
UNCTAD Guidance on core indicators for entity reporting on contribution towards implementation of the UN Sustainable Development Goals	Since 2018, the Company has been making <a href="#">UNCTAD Guidance disclosures as part of its sustainability reports</a>
SASB Metals & Mining Sustainability Accounting Standard	Since 2021, the Company has been using the <a href="#">SASB Metals &amp; Mining Sustainability Accounting Standard</a> for sustainability reporting purposes
TCFD (Task Force on Climate-Related Financial Disclosures) recommendations	Since 2019, the Company has been using the <a href="#">TCFD</a> recommendations for sustainability reporting purposes. In 2023, Nornickel released its first Climate Change Report. The report's compliance with the TCFD recommendations was confirmed by an independent assurance report. For more details, please see the <a href="#">Climate Change</a> section and the <a href="#">Climate Change Report</a>
IFRS S2 Climate-related Disclosures	A decision was made to pilot climate-related disclosures in line with the formats set out in <a href="#">IFRS S2</a> and include them in the 2023 Sustainability Report

Initiative/standard

Status

Order of the Ministry of Economic Development of Russia No. 764 On Approval of Methodological Recommendations for Sustainability Reporting dated 1 November 2023

The 2023 Sustainability Report includes [Appendix "Disclosure under Order of the Ministry of Economic Development of Russia No. 764 dated 1 November 2023"](#)

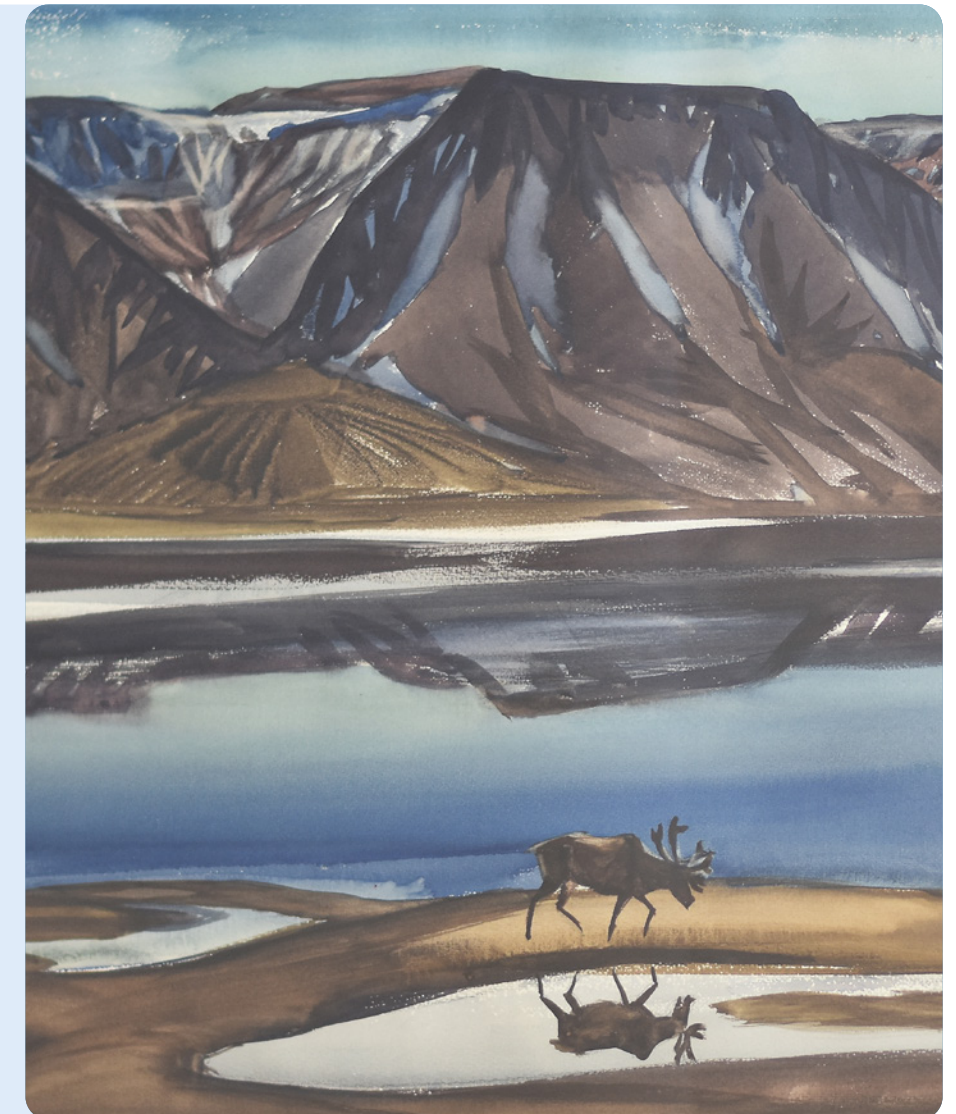
National ESG Alliance

One of the founders since December 2022

### Roadmap for compliance with international standards: implementation

Based on a 2022 independent assessment of Nornickel's mining assets readiness for the IRMA certification, the Company developed and coordinated with relevant units a draft roadmap of corrective actions to ensure compliance with the IRMA requirements.

Also, in 2023, the Company completed activities of the ICMM compliance roadmap, including calculation of Scope 3 GHG emissions (upstream), approved an updated Corporate Trust Line Procedure, assessed the performance of the grievance mechanism, and installed small-scale monitoring stations for online monitoring of air quality in Norilsk and Monchegorsk.













In addition, the Company's production, transportation and R&D assets are subject to regular certification and surveillance audits for compliance with ISO international standards related

to quality management, environmental management, labour protection, and information security.

➔ For more details, please see the [Certification of the Corporate Integrated Quality Management System](#) appendix.

## Nornickel's ESG ratings

The recognition from the expert community with high scores in environmental protection, social policy, and corporate governance serves as a testament to our continuous improvement and implementation of cutting-edge initiatives in sustainability.

Description	As at 31 December 2023
 SUSTAINALYTICS	ESG Risk Score: 44.0 out of 100 on a scale from 1 (low risk) to 100 (high risk)
 MSCI	ESG rating: B, score – 3.1 out of 10
 ecovadis	ESG Score: 58 out of 100 on a scale from 1 (low) to 100 (high)
 World Benchmarking Alliance	Human rights ranking (compliance with the Corporate Human Rights Benchmark – CHRb): score of 21.0 out of 100 on a scale from 1 (low) to 100 (high)
 RAEX	ESG Ranking: A, high ESG level
 Expert	ESG rating: ESG-III(a), strong sustainability commitment in key decision-making, outlook: stable ESG Transparency Ranking: 2 out of 2 on a scale from 0 (low) to 2 (high)
 АКРА	ESG rating: ESG-B, level: ESG-2 (meaning high assessment of the Company's environmental, social, and governance achievements)
 RBC	ESG Index by RBC: level I (high)
 ДаСтратегия	ESG rating – A, Best Corporate ESG Practice in Russia
 MOEX	Since 2023, Nornickel has been part of the Moscow Exchange's new stock index: MOEX – RAEX ESG Balanced Index

➔ For more details on the Company's awards in production, innovations, environmental protection, and social policy, see the [Awards and Accolades](#) section.

## STAKEHOLDER ENGAGEMENT

### GRI 2-29

Nornickel is committed to forging enduring stakeholder relationships anchored in respect and trust, mutual benefit, and well-being.

We adhere to both federal and regional laws of the Russian Federation and conform to established Russian and international standards for stakeholder engagement, which include:

- accountability principles – AccountAbility<sup>1</sup>;
- ICMM's Mining Principles;
- requirements of the Initiative for Responsible Mining Assurance (IRMA);
- IFC Performance Standards;

- Standard of responsibility of residents in the Arctic zone of the Russian Federation in relations with the indigenous peoples living and/or carrying out traditional economic activities in the Arctic zone of the Russian Federation;
- United Nations Declaration on the Rights of Indigenous Peoples;
- International standard ISO 26000:2010.

The principles, duties, and initiatives related to stakeholder engagement are outlined in the Company's by-laws<sup>2</sup>. Nornickel drafts stakeholder engagement plans on an annual basis.

Guided by a policy of transparency and disclosure, Nornickel regularly informs stakeholders about its operating

and financial results, social initiatives for employees and local communities, and sustainability efforts. Our impactful engagement with stakeholders is distinguished by interactive communication. In 2023, we gathered stakeholder feedback on their contentment with the quality and quantity of information and adherence to the principles articulated in the Company's Information Policy Regulations. This feedback was collected in employee and supplier surveys, public dialogues, Q&A sessions, via participation in conferences and commissions.

<sup>1</sup> AA1000AP (AA1000 Accountability Principles), AA1000SES (AA1000 Stakeholder Engagement Standard).

<sup>2</sup> MMC Norilsk Nickel's Stakeholder Engagement Policy, Business Ethics Code, and other by-laws are publicly available on the [Company's official website](#).