

SUSTAINABLE DEVELOPMENT STRATEGY

GRI 2-23, 2-24

Our mission

Our mission is to supply the world with non-ferrous metals, efficiently and safely using natural resources and capital to realise people's aspirations for development and technological progress.

Our values

People are our key value. Throughout its operations spanning more than eight decades in the Far North, Norinickel has built distinctive professional expertise that helps effectively navigate challenges

of unprecedented scale and intricacy, while keeping best-in-class product quality.

 <p>Reliability Ability to address any challenges to ensure success for the business</p>	 <p>Efficiency Delivering against our targets in due time and at minimum cost</p>	 <p>Professional excellence Ability to effectively deliver a strong performance</p>
 <p>Responsibility Desire to honour our commitments and take on responsibility for our decisions</p>	 <p>Growth Effective production ramp-up and upgrade, leverage of groundbreaking technologies and development of our people</p>	 <p>Teamwork Commitment and ability of our employees to achieve goals and objectives through teamwork</p>

GRI 2-6

Nornickel's strategic priorities:

<p>1 upgrading existing facilities and building new facilities to ramp up production of key metals;</p>	<p>2 improving environmental situation in the regions of operation;</p>	<p>3 maintaining financial stability</p>
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The Company complements and expands its strategic priorities in sustainable development in the scope of the Environmental and Climate Change Strategy through 2031 and the Socially Sustainable Development Strategy through 2030.

Nornickel shapes and implements its development strategy in line with global trends, primarily the transition to a low-carbon economy, and the needs of its key stakeholders – employees, shareholders, investors, and consumers.

The basket of metals unlocks unique opportunities for us to join the leading pack in manufacturing materials required for the energy transition.

In the long run, our rapid growth will be driven by increasing demand for the metals we produce, needed to improve the energy efficiency

of transportation and develop renewable energy. A report by the Intergovernmental Panel on Climate Change (IPCC) shows that achievement of the Paris Agreement goal will require a substantial reduction in GHG emissions by 2050. Energy, transport, and construction were recognised as industries with the strongest potential to reduce emissions. The International

Energy Agency (IEA) identified the following metals and minerals¹ as critical for the global energy transition.

Industry/metal	Copper	Nickel	Cobalt	PGM	Lithium	REE	Chromium	Zinc	Aluminium
Solar power	●	●	●	●	●	●	●	●	●
Wind power	●	●	●	●	●	●	●	●	●
Hydropower	●	●	●	●	●	●	●	●	●
Concentrated solar power systems	●	●	●	●	●	●	●	●	●
Bioenergy	●	●	●	●	●	●	●	●	●
Geothermal power	●	●	●	●	●	●	●	●	●
Nuclear power	●	●	●	●	●	●	●	●	●
Power transmission lines	●	●	●	●	●	●	●	●	●
Electric vehicles and batteries	●	●	●	●	●	●	●	●	●
Hydrogen energy	●	●	●	●	●	●	●	●	●

Relative importance of metals and minerals for low-carbon energy technologies:

● high importance ● medium importance ● low importance

PGM – Platinum group metals

REE – rare earth elements

Nornickel's Production and Technical Development Strategy focused on its resource base development aims to maximise operating rates and ramp up production capacity of the existing mines. This includes scaling up operations by developing the South Cluster².

Our mid-term plans include the upgrade of the energy and logistics infrastructure enabling adaptation to physical risks of climate change and better reliability of our production assets in the long run.

¹ Source: International Energy Agency

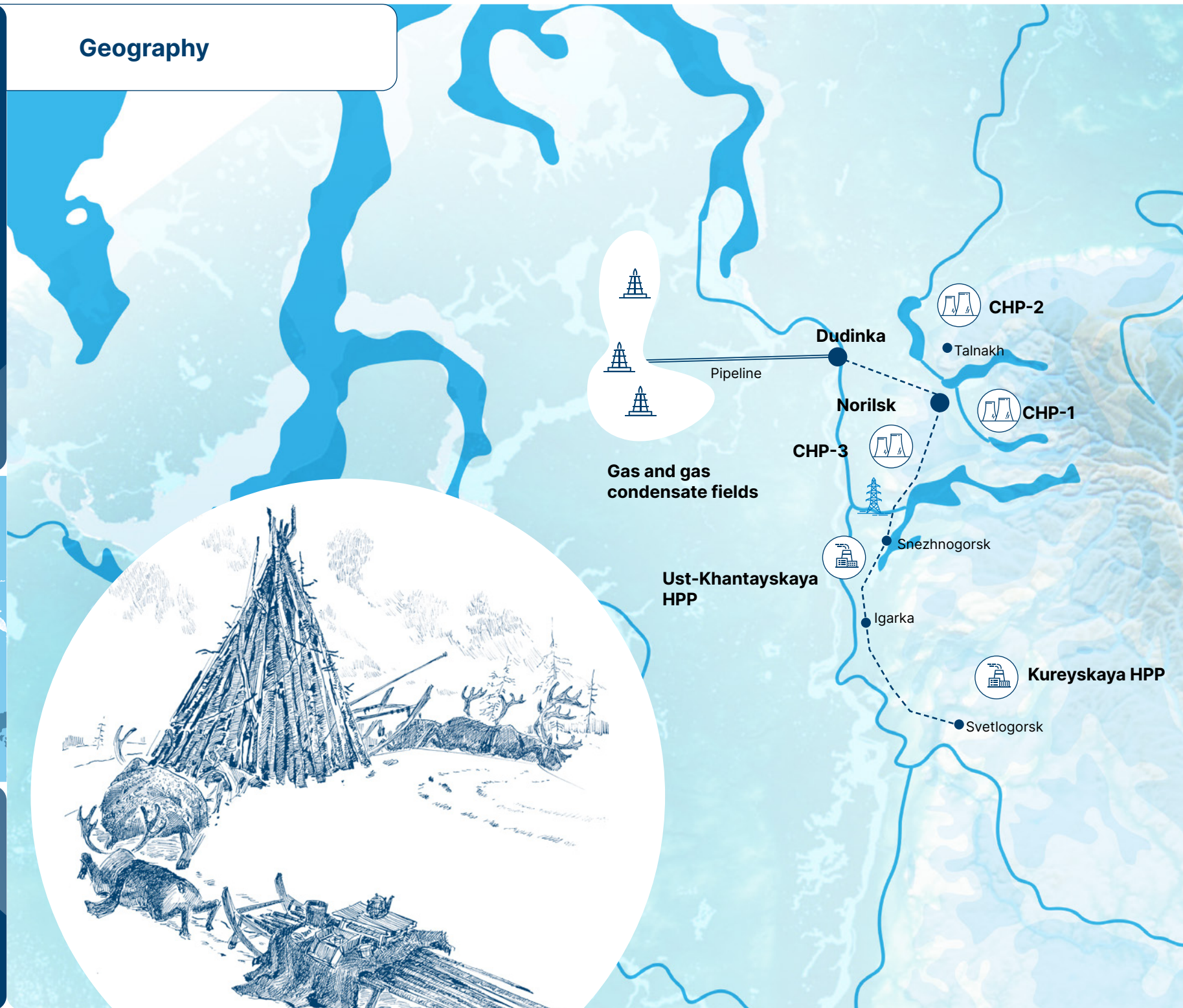
² For more details, please see MMC Norilsk Nickel's Annual Report for 2023.

Power infrastructure modernisation through 2030

Programme objectives:

1. Modernise generating capacities and the grid infrastructure to replace the retiring equipment and grids;
2. Reduce physical risks and enhance long-term reliability;
3. Provide a reliable and uninterrupted electricity supply to households and industrial consumers;
4. Ensure compliance with industrial safety requirements, standards, regulations, and specifications for the operation of infrastructure facilities, such as power grids, heat, and water supply;
5. Prevent emergency shutdowns, which consequently lead to production halts.

Geography



Gas and gas condensate upstream and transportation

- Modernisation of the gas transmission and gas distribution networks
- Drilling and fit-out of five new gas wells at the Pelyatkinskoye gas condensate field



Power lines

- Modernisation of power grids



Water and heat supply networks

- Modernisation of water and heat supply networks



Combined heat and power plants

- Upgrade of two power units at CHP-2 in Norilsk
- New, more efficient, and fuel-saving equipment to minimise energy losses



Hydropower plants

- Increasing the share of electricity supplied by hydropower plants

Contribution to energy efficiency:

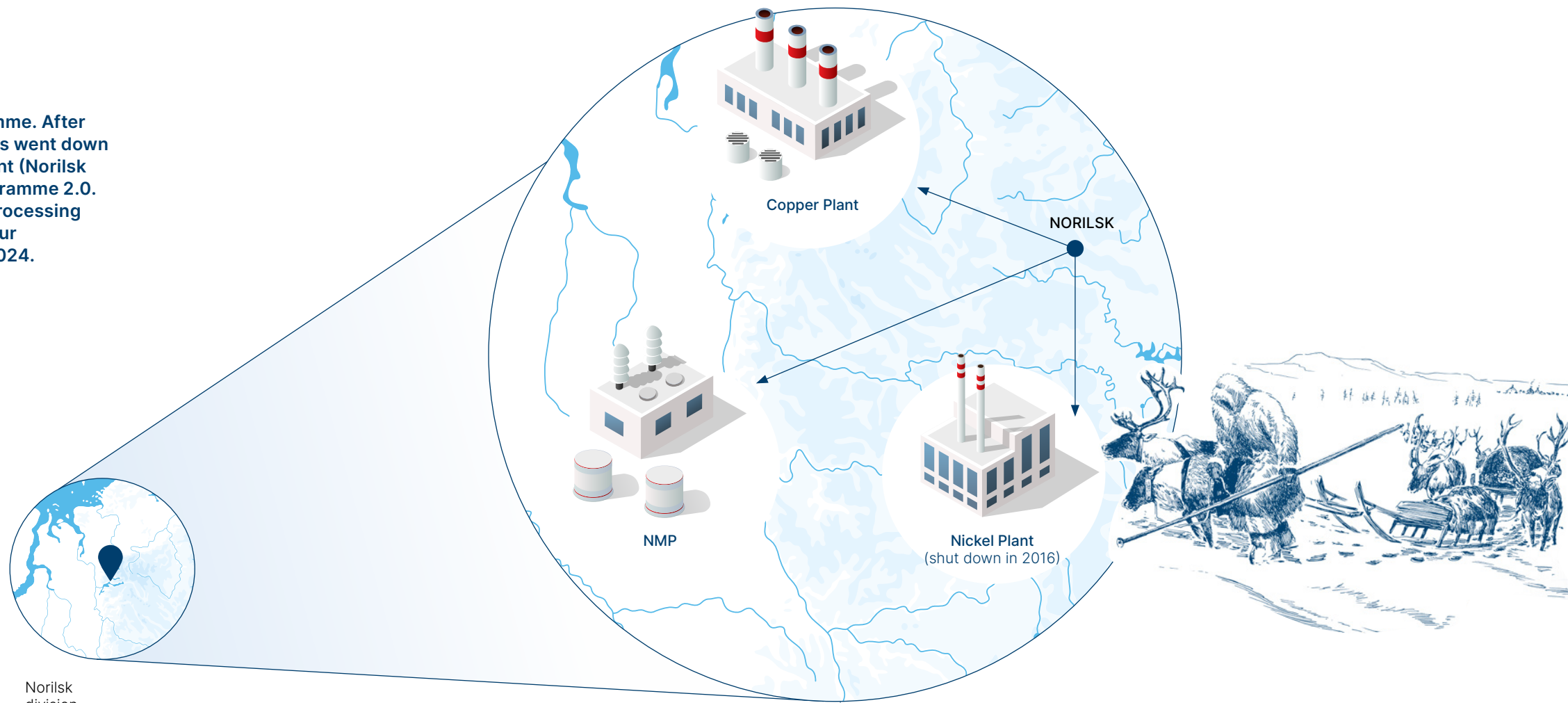
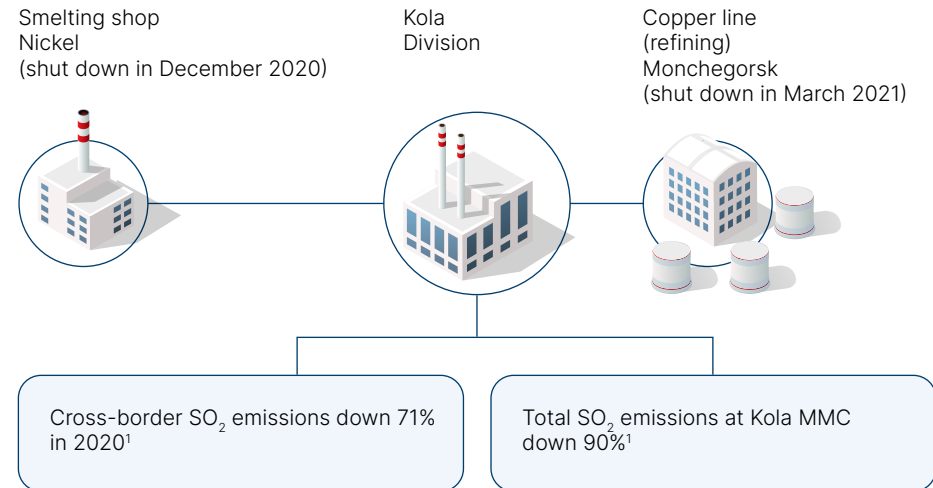
Focus on enhancing performance of new CHP power units and an overall reduction of energy losses along the energy generation and transmission chain

Sulphur Programme

To reduce our environmental footprint, we carry on with our Sulphur Programme. After we finished its stage on the Kola Peninsula in 2021, sulphur dioxide emissions went down 90% in 2022 compared to the 2015 baseline. In October 2023, Nadezhda Plant (Norilsk Division) initiated Norinickel's leading environmental initiative – Sulphur Programme 2.0. This marked the commencement of comprehensive trials for the inaugural processing line, which successfully resulted in the recovery of the first batches of sulphur dioxide. The plant is on track to reach its full design capacity by the end of 2024.

Sulphur Programme roadmap

Sulphur Programme 2.0: Reduction of SO₂ emissions

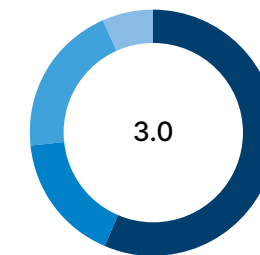


2020	2021	2023-2024 Implementation	Redesign, project updates
<p>Optimisation of smelting operations to cut SO₂ emissions in the Russia-Norway border zone</p> <p>Shutdown of the obsolete smelting shop in Nickel in December 2020</p> <p>▼2x</p> <p>50%¹ Reduction of SO₂ emissions in Nickel and Zapolyarny</p>	<p>Full shutdown of the obsolete copper line at the refining shop on the Kola Peninsula</p> <p>Metallurgical Shop shut down in March 2021</p> <p>▼7x</p> <p>90%¹ reduction of total SO₂ emissions at Kola Division sites</p>	<p>Launch of Sulphur Programme 2.0 at Nadezhda Metallurgical Plant to recover furnace gases</p> <p>~2x</p> <p>45%¹ reduction of SO₂ emissions at Norilsk Division sites after the ramp-up to design capacity</p>	<p>Launch of Sulphur Programme 2.0 at Copper Plant to cut pollutant emissions substantially</p> <p>~10x</p> <p>up to 90%¹ reduction of SO₂ emissions at Norilsk Division sites after the ramp-up to design capacity</p>

Breakdown of the Company's investment programme for 2023–2024

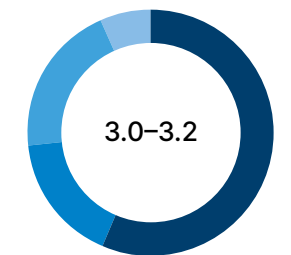
USD bn

2023



- Production continuity and growth
- Logistics and energy infrastructure

2024 (F)



- Environmental programme
- Social and other

Investments in key strategic projects for 2024 are estimated at USD 3.0–3.2 bn. The projections are subject to a number of factors, including FX fluctuations, supplier availability, and development of alternative design solutions (where necessary). Comprehensive review of design and import substitution solutions is currently underway. Once it is completed, we will further update our investment programme.

¹ Vs the baseline year (2015).

Environmental and Climate Change Strategy through 2031

Nornickel has the Environmental and Climate Change Strategy through 2031 approved by the Company's Board of Directors in 2021. The document covers six main areas of the environmental footprint – climate change, air, water,

tailings and waste, land and biodiversity – as well as organisational and methodological aspects of developing corporate sustainability management practices. The strategy is designed

to meet stakeholders' expectations, engage them and communicate with them on the way.



Key areas and targets of the Environmental and Climate Change Strategy through 2031

Strategic area	Target indicators	2023 results
Climate change	1. Maintaining absolute GHG emissions from operations (Scope 1 and 2) at around 10 mt of CO ₂ equivalent through 2030 while growing production	In 2023, absolute Scope 1 and 2 GHG emissions totalled 6.4 mt of CO ₂ equivalent, while the provision for Sulphur Programme GHG emissions totalled 2.2 mt of CO ₂ equivalent ¹
	2. Keeping Scope 1 and 2 GHG emissions per tonne of Ni equivalent in the bottom quartile of the GHG intensity curve for the global metals and mining industry	
Air	3. Reducing SO ₂ emissions by 90% vs 2015	Thanks to the Sulphur Programme, Kola Division's SO ₂ emissions declined by 90% vs 2015. Nadezhda Plant (Norilsk Division) initiated comprehensive trials for the inaugural processing line, which successfully resulted in the recovery of the first batches of sulphur dioxide. The plant is on track to reach its full design capacity by the end of 2024.
	4. No interregional or federal emergency situations	In 2023, there were no interregional or federal emergencies with environmental consequences
Water	5. Reducing pollutant discharges by 25% vs 2019 and achieving the maximum permissible emissions rate of 159 kt by 2031	The volume of pollutants discharged in 2023 went down 24.6% y-o-y
	6. Keeping fresh water withdrawal (excluding mining water) for production needs at 120 mcm (the level of 2020) ²	In 2023, fresh water intake (excluding mining water) for production needs totalled 116 mcm ²
	7. Keeping water recycling and reuse rates above 80%	Water recycling and reuse rate was 82.7%
	8. Eliminating the CHP-3 fuel spill consequences: a clean-up to normalise water indicators by the end of 2022	The CHP-3 incident clean-up was completed

¹ Excluding GHG emissions from heat and electricity supply to the public.

² Excluding the Energy Division.

Strategic area	Target indicators	2023 results
Tailings and waste	9. Disposing of 100% of tailings generated by new projects at environmentally safe facilities featuring best-in-class technologies, starting 2025	Over the last five years, there have been no environmental incidents at the Company's hydraulic structures
	10. Eliminating (collection and processing) 100% of accumulated waste	Nornickel helped collect 1 mt of waste and over 80 kt of scrap metal, dismantle 347 facilities, and clean more than 4.1 million m ² of contaminated areas in the Norilsk Industrial District. The biological phase of disturbed land rehabilitation was carried out on an area of 78.8 ha. The project will continue until 2030
	11. Increasing/maintaining the share of non-mineral waste (other than gypsum) recycling 12. Increasing/maintaining the share of mineral waste recycling above 30% 13. Increasing the share of gypsum waste recycling	Efforts are underway to increase/maintain the share of non-mineral waste recycling
Land	14. Rehabilitation of 117 ha/year of disturbed land and land clean-up in towns and cities near production sites	Some 131 ha of disturbed land were rehabilitated, including landscaping of 5 ha, reforestation of 112 ha, and reclamation of 14 ha
Biodiversity	15. Reducing a negative impact on biodiversity, including forest conservation near production sites	The second season of the Big Scientific Expedition is over. The team discovered two new species and introduced two innovative scientific developments into the protocol of assessing the state of ecosystems
Stakeholder expectations, engagement and communications	16. Compliance with the TCFD principles	A Climate Change Report was released in compliance with TCFD recommendations
	17. Compliance with ICMM requirements	The roadmap for compliance with international standards is in progress
	18. Compliance with IRMA requirements	

Throughout 2023, Nornickel updated its Strategy to accommodate a new external landscape, lessons learned, more stringent Russian environmental laws, and the heightened standards called for by our customers. The updated

Strategy is split into obligatory (meeting statutory requirements, seven target areas) and voluntary (incorporating additional measures) sections. It encompasses over 300 steps in total.

The Company's Board of Directors approved the new document in February 2024.

Sustainable Social Development Strategy through 2030

In 2023, Nornickel's Board of Directors approved the Sustainable Social Development Strategy through 2030 (the "Strategy"). The Strategy centres around four strategic priorities: 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. The Strategy is pivotal to meeting the UN SDGs.

« Major businesses are intrinsically connected to the advancement of regions and prosperity of society at large. Nornickel is committed to its long-term strategic priorities. By focusing on each of them, we reaffirm our sustainability and honour our obligations to all stakeholders.


Employee health and safety is the No. 1 priority in Nornickel's Sustainable Social Development Strategy through 2030. It goes beyond industrial safety, as we strive to provide our people with conducive working conditions and opportunities for professional growth and development aligned with the needs of the economy of the future.

Larisa Zelkova,




Senior Vice President – HR, Social Policy and Public Relations



Goals, KPIs, and key initiatives to meet the Sustainable Social Development Strategy through 2030

Strategic priority	Goals	KPIs	Key activities
 Health and safety	Achieving zero fatalities and reducing workplace injuries and occupational diseases	Zero fatalities at the Company's facilities and elimination of catastrophic accidents	<ul style="list-style-type: none"> Introducing a robust system for accident record-keeping and classification, enhancing incident investigation quality Instituting programmes to monitor employees' adherence to cardinal safety rules Developing the system of financial and non-financial incentives to bolster adherence to safety rules Implementing a programme to overhaul safety culture at facilities Rolling out the I Understand initiative to every unit to embrace webinars, newsletters, and posters spotlighting strategies to counteract stress and burnout Backing initiatives aimed at improving living standards Assessing contractors' conformity with safety rules and deploying a rating system to incentivise exemplary contractor performance Advancing a system for production monitoring and ensuring compliance with industrial safety requirements Building capabilities and integrating fire risk management tools Perfecting the monitoring system for buildings and structures and ensuring timely, quality maintenance and repairs
	Eradicating catastrophic accidents		
	Aligning working conditions with the needs of our staff		
	Consistently mitigating safety risks to an acceptable level		

➔ For more details, please see the [Occupational Health and Safety](#) section.

Strategic priority	Goals	KPIs	Key activities	
 Talent management and corporate culture	Attracting young talent and experienced professionals, including to Russia's Far North	A Top-3 employer in Russia's mining and metallurgical sector according to leading rankings	<ul style="list-style-type: none"> Designing and refining the employer value proposition alongside communication channels and formats for engaging with job seekers Boosting visibility on job search platforms and tapping into new target recruitment regions Conducting targeted initiatives to recruit and bolster the involvement of young talent 	→ For more details, please see the Development of Human Capital section .
	Facilitating employee retention, professional growth and development		<ul style="list-style-type: none"> Introducing a competency assessment system for professional, managerial, and corporate skills, followed by tailored training suggestions Running projects to foster a continuous learning culture Rolling out a programme of appointments from the internal talent pool to all Company facilities Deploying the In Good Company corporate programme for young professionals 	
	Improving onboarding to welcome new employees and enhancing engagement of seasoned professionals		<ul style="list-style-type: none"> Enhancing and rolling out the comprehensive onboarding framework for roles at all tiers Putting to action insights gleaned from the annual employee engagement survey 	
 Development of technologies and products that help foster technological and social progress	Pioneering technologies and products that benefit society at large	Establishing KPIs congruent with the development and execution of these initiatives	<ul style="list-style-type: none"> Executing projects and initiatives to identify and design technology and products that address social needs via the Company's products, such as water purification systems using palladium, batteries for green transport, hydrogen energy solutions, etc. 	→ For more details, please see the Innovative Development section .
	Ensuring supply chain transparency in terms of social criteria	Supply chain transparency	<ul style="list-style-type: none"> Consistently exercising supply chain transparency measures, including assessments of corruption risks, publications of due diligence reports and ESG audit results, procurement disclosures, and adherence to industry association standards 	
 Involvement in the lives of local communities and society at large	Minimising the Company's impact on local communities	Uplifting the city life index	<ul style="list-style-type: none"> Expanding and merging current projects within a comprehensive framework for social risk management Establishing a framework for feedback collection from local communities Expanding a network of corporate healthcare centres Conducting scenario assessments on climate risk implications for the Company's operations and environmental footprint 	→ For more details, please see the Development of Local Communities section .
	Supporting the interests of indigenous minorities of the North	Strict adherence to the indigenous rights policy	<ul style="list-style-type: none"> Taking measures arising from arrangements with indigenous communities to mitigate critical risks facing the Company Expanding initiatives that build the capabilities of indigenous peoples Establishing a framework for feedback collection from indigenous peoples and integration of the Free, Prior and Informed Consent (FPIC) principles 	
	Fostering sustainable social and economic development across the Company's footprint	Uplifting the city life index ¹	<ul style="list-style-type: none"> Refining and implementing programmes to enhance life quality and mitigate critical risks facing the Company Running Smart City flagship projects Creating guidelines for managing climate change risks to urban infrastructure in the regions of operation 	
	Contributing to the well-being of society nationally and internationally	Contributing to 13 Russian national projects by integrating the UN Sustainable Development Goals into the Company's strategy and operations	<ul style="list-style-type: none"> Conducting pilot projects and rolling out best practices within our industry to contribute to 13 Russian national projects 	

¹ Russian city life index. [VEB.RF](#).